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Special Committee on Expenditure

Minutes of proceedings and evidence
and reports

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Canada. Defence Expenditure
Special Committee on, 1952/53

(HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament
1952-53

914³

1952/53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: Mr. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1-26

[and
reports]

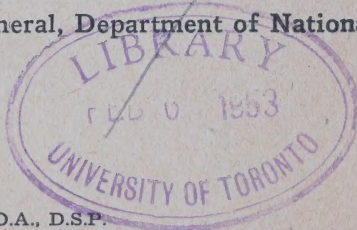
1952-53

TUESDAY, JANUARY 27, 1953

THURSDAY, JANUARY 29, 1953

WITNESS:

Brigadier W. J. Lawson, Judge Advocate General, Department of National
Defence.



EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953



SPECIAL COMMITTEE ON DEFENCE EXPENDITURE

Chairman: Mr. David A. Croll

Vice-Chairman: Mr. W. Benidickson

and Messrs.

Adamson
Applewhaite
Benidickson
Blanchette
Boisvert
Cannon
Cavers
Croll
Dickey

Fleming
Fulton
George
Gillis
Harkness
Henderson
Hunter
James
Jutras

Larson
Macdonnell (*Greenwood*)
McIlraith
Pearkes
Power
Stick
Thomas
Wright

Clerk: Antonio Plouffe

ORDERS OF REFERENCE

HOUSE OF COMMONS,

Thursday, January 22, 1953.

Resolved,—That a Select Committee be appointed to continue the examination of all expenditure of public moneys for National Defence and all commitments for expenditure for National Defence since March 31, 1950, and initially to give priority in their examination to the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esquire, Chartered Accountant, tabled in the House of Commons on December 15, 1952, and to report from time to time their observations and opinions thereon, and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the Committee shall consist of twenty-six Members to be designated by the House at a later date.

THURSDAY, January 22, 1953.

Resolved,—That the following Members compose the Special Committee on Defence Expenditure appointed this day:—Messrs. Adamson, Applewhaite, Benidickson, Bennett, Blanchette, Boisvert, Cannon, Cavers, Crestohl, Croll, Dickey, Fleming, Fulton, George, Gillis, Harkness, Henderson, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Power, Stick, Thomas and Wright.

MONDAY, January 26, 1953.

Ordered,—That the name of Mr. Hunter be substituted for that of Mr. Bennett; and

That the name of Mr. James be substituted for that of Mr. Crestohl; and

That the name of Mr. Decore be substituted for that of Mr. Cannon on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

REPORT TO HOUSE

TUESDAY, January, 27, 1953.

The Special Committee on Defence Expenditure begs leave to present the following as its

FIRST REPORT

Your Committee recommends that it be empowered

1. To print from day to day 750 copies in English and 200 copies in French of its minutes of proceedings and evidence and such papers and records as may be ordered by the Committee to be printed, and that Standing Order 64 be suspended in relation thereto.

2. To sit while the House is sitting.

All of which is respectfully submitted.

DAVID A. CROLL,
Chairman.

MINUTES OF PROCEEDINGS

TUESDAY, January 27, 1953.
(1)

The Special Committee on Defence Expenditure held an executive meeting this day at 11.00 o'clock a.m.

Members present: Messrs. Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Hunter, James, Jutras, Larson, McIlraith, Pearkes, Stick, Thomas and Wright—(22).

The Clerk proceeded to the election of the Chairman and called for nominations.

Mr. Applewhaite moved, seconded by Mr. Decore, that Mr. Croll be elected Chairman.

Mr. Fleming moved, seconded by Mr. Fulton, that Mr. Pearkes be elected Chairman.

Mr. Fleming explained that his motion had nothing personal, that he had in mind only the general interest and that he was thinking of the procedure followed in the House of Commons of the United Kingdom where an opposition member may preside over the Public Accounts Committee.

Mr. McIlraith wanted to know whether such a procedure, if adopted, would prevent the committee from printing its proceedings.

After debate, on motion of Mr. Dickey, seconded by Mr. Henderson,
Resolved,—That nominations be closed.

Mr. Fleming having requested a recorded vote, the Clerk thereupon put the question and Mr. Croll was elected Chairman on the following division:

Yeas: Messrs. Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Decore, Dickey, George, Henderson, Hunter, James, Jutras, Larson, McIlraith and Stick—15.

Nays: Messrs. Fleming, Fulton, Harkness, Thomas and Wright—5.

Mr. Croll took the Chair and referred to the importance of the Committee over which he again has the honour to preside.

The Chairman read the Orders of Reference.

Mr. Blanchette moved, seconded by Mr. Henderson, that Mr. Benidickson be elected Vice-Chairman.

Mr. George moved, seconded by Mr. Boisvert, that nominations be closed and Mr. Benidickson was elected Vice-Chairman.

After a brief discussion on printing, on motion of Mr. Stick, seconded by Mr. James,

Resolved,—That the Committee ask leave to print from day to day 750 copies in English and 200 copies in French of its minutes of proceedings and evidence and such papers and records as may be ordered by the Committee.

On motion of Mr. Jutras, seconded by Mr. Boisvert,

Resolved,—That the Committee ask permission to sit while the House is sitting.

The Committee decided to appoint a sub-committee on agenda of 9 members, and on motion of Mr. Cavers the selection of its membership was left to the Chairman.

The Chairman informed the members of the Committee that it was the intention to hold meetings on Tuesdays and Thursdays.

The next meeting was tentatively set for Thursday next, January 29, at which meeting the first report of the sub-committee on agenda dealing with general procedure, order of business and witnesses will be presented to the Committee.

At 11.30 o'clock a.m. the Committee adjourned until Thursday, January 29, at 11.00 o'clock a.m.

THURSDAY, January 29, 1953.

(2)

The Special Committee on Defence Expenditure met at 11.00 o'clock a.m.

Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Boisvert, Croll, Decore, Dickey, Fleming, Fulton, George, Henderson, Hunter, James, Jutras, Larson, McIlraith, Pearkes, Power, Stick and Wright—(20).

In attendance: Mr. C. M. Drury, Deputy Minister, Brigadier W. J. Lawson, Judge Advocate General and W. R. Wright, Chief Secretary, Department of National Defence.

The Chairman presented the first report of the sub-committee on agenda as follows:

Your sub-committee on agenda had its first meeting on Tuesday, January 27, under the Chairmanship of Mr. Croll. Messrs. Applewhaite, Benidickson (*Vice-Chairman*), Dickey, Fleming, McIlraith, Pearkes, Thomas and Wright were present—(9).

The above had been designated by the Chairman pursuant to decision of the Commission of January 27.

Your sub-committee recommends:

1. That the Committee hold its meetings on Tuesday and Thursday and at the call of the Chair.
2. That on Thursday, January 29, the Committee hear the Deputy Minister and/or the legal officer of the Department of National Defence.
3. That the Committee call Mr. George S. Currie of Montreal as its next witness.

On motion of Mr. Dickey, the said report was adopted.

At the request of Messrs. Fleming and Pearkes, the Chairman summarized the discussion which took place at the first meeting of the sub-committee on agenda. He listed the following suggested topics:

1. Construction
2. Aircraft production
3. Armaments, Tanks, Ammunition, Guns and small arms.
4. Naval Vessels
5. Operation Pinetree
6. Training Costs—All Services
7. Recruiting Costs
8. Soft Goods
9. Military Travelling Costs

The Chairman tabled for distribution to the members copies of a reprint of the Currie Report as appended to the House of Commons Debates on December 15, 1952, January 13 and 19, 1953, the pagination being identical to insure accurate and proper references during the deliberations of the Committee.

Brigadier W. J. Lawson was called:

He read a statement outlining the irregularities at Camp Petawawa, their investigation and the action taken.

The witness was examined and retired.

At 1.05 o'clock p.m. the Committee adjourned to meet again on Tuesday, February 3, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

January 29, 1953.
11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

First I have the first report of the agenda committee.

(See Minutes of Proceedings)

Now all of you have been handed a copy of the Currie report.

Mr. FLEMING: Do you intend to say anything further by way of what was discussed at the steering committee.

The CHAIRMAN: I thought I would say a few words at the end of this meeting.

Mr. WRIGHT: Mr. Chairman, I think there was another consensus of opinion raised over and above what you have stated at the agenda committee meeting; that is, at the hearing of Mr. Currie we should deal with the second and third parts of his report.

The CHAIRMAN: I had intended to mention when I reported on Mr. Currie's coming here what I said to Mr. Currie. There will be time to do that today, I think.

Mr. PEARKES: The committee dealt with the suggested program. Perhaps you would bring that up.

The CHAIRMAN: There is no use discussing that here until we reach some agreement. We have ten or twelve items on the agenda. I thought that once we finished with the witness—he may not be too long—we would discuss those aspects and tell the committee what we were talking about—the agenda committee.

Mr. FLEMING: I don't think there is anything contentious about this but I thought the committee would probably like to hear about the other things.

The CHAIRMAN: First you have the report here, the Currie Report, and also the correspondence. This reprint is the same as *Hansard* and the pages are numbered as in *Hansard* so we can use this as reference and not as in the original report. Let me just say this. With respect to Mr. Currie, I called him and asked him to be here with us on Tuesday, he will be here Tuesday morning. I indicated to him that the committee in discussing his coming had as its primary interest the concrete recommendations contained in 2, 3 and 4. He should be ready at that time to discuss with us his views and what is contained in Parts 2, 3 and 4 and how far the department was justified in proceeding with security measures and supervision of stores and accounting. He indicated that he would be prepared to do that. I don't want the committee to think that anyone is precluded from discussing other matters which will inevitably arise. We are hopeful that you will be able to relate them to sections 2, 3 and 4 and if you don't the chairman will try to keep you on the path.

Now, while I am at it, we also discussed other matters before the committee. Members of the agenda committee were requested to indicate what subjects they wanted this committee to deal with. Here is a list of them, perhaps you won't mind copying them down:

1. Construction
2. Aircraft production

3. Armaments, Tanks, Ammunition, Guns and Small arms.
4. Naval Vessels
5. Operation Pinetree
6. Training Costs—All Services
7. Recruiting Costs
8. Soft Goods—that is, clothing and that sort of thing
9. Military Travelling Costs

The agenda committee was not prepared to make a decision on any of these, at that time; but if there are any which we have left out in which you are particularly interested, would you mind communicating with a member of the agenda committee and we will have it up for discussion at the next meeting.

The CHAIRMAN: This morning as our first witness we have Brigadier W. J. Lawson, the Judge Advocate General, who will relate to us the incidents at Petawawa in a chronological and factual fashion.

Brigadier W. J. Lawson, Judge Advocate General, Department of National Defence, called:

The CHAIRMAN: Gentlemen, I must ask you to permit Brigadier Lawson to complete his evidence, and then if you have some questions, you will have an opportunity to examine him, if you feel that is necessary.

The WITNESS: Mr. Chairman, I am Brigadier W. J. Lawson; my appointment is that of Judge Advocate General of the Canadian Forces, and in that capacity I am the senior legal adviser to the three services, the Defence Research Board, and to the Department of National Defence.

I understand, Mr. Chairman, that you wish me this morning to outline the irregularities which occurred in the Army Works Services at Camp Petawawa during the past three years, and to tell you how these irregularities were investigated and what action has been taken in respect to them.

In order to put this evidence—the evidence which I shall give—and perhaps other evidence that will be given to the committee—in a proper perspective, it occurred to me that it might be useful if I were to say something very briefly about Camp Petawawa and about the role of the Army Works Services there.

Camp Petawawa, as you know, is an army camp. It comprises 127 square miles, or 93,000 acres. Of this area the camp site itself, that is what you might call the built-up area, comprises about 250 acres. The remainder of the property is used for firing ranges, tank ranges and manoeuvre areas, and there is on the property also a forestry experimental station which is operated, I believe, by the Dominion Government.

There are in the camp some 961 separate buildings, of which 465 are married quarters. The other buildings range from large modern barrack blocks to temporary wooden buildings constructed during the first and second World Wars, and in many cases rapidly disintegrating.

The camp is situated on the Ottawa river about 100 miles from Ottawa and 12 miles from Pembroke. The camp is commanded by an officer with the rank of colonel, and he has a small staff of four or five officers to assist him.

As of the 31st December last there were six large units stationed in the camp; they were Royal Canadian Dragoons with 47 officers and 512 men; the second battalion of the Royal Canadian Regiment with 40 officers and 1,165 men; the third battalion of the Royal Canadian Regiment with 34 officers and 627 men; the 81st Field Regiment Royal Canadian Artillery with 57 officers and 610 men; the 59th Independent Field Squadron of the Royal Canadian

Engineers with nine officers and 287 men; and the 23rd Infantry Workshop Royal Canadian Electrical and Mechanical Engineers with 7 officers and 168 men.

The average population of the camp during the past few years has been approximately 3,500 military personnel, 1,000 civilian employees, and 1,300 dependents, or a total of some 5,800 people. In other words, Petawawa is a fair sized town, and the camp administration is faced with all of the problems which face any town council in Canada.

Provision has to be made for water, for sewage, for education, for traffic control, and all the other problems which face any municipal organization charged with the government of an area in which large groups of people are living together.

The camp administration, however, has a further problem, one which does not affect the ordinary municipality, and it is that all of the buildings in the camp, all of those 960 odd buildings which I have mentioned, are owned by the Crown. They must be kept in repair; and all the tradesmen who normally operate in a municipality such as electricians, plumbers, steam fitters, and all those people are here employees of the Crown.

These are the people who compose the Army Works Services. The Army Works Services at Camp Petawawa is responsible for supervising new construction and for the maintenance and repair of all of the existing buildings in the camp. The Army Works Services has a detachment in Petawawa, and this detachment consists of 3 officers, 33 men, and 233 civilian employees. The work of these few tradesmen and engineers has vastly increased during the last few years. This, I think, is well illustrated by the great increase in the expenditures made at the camp during this period.

In the year 1947-48 the expenditures at Camp Petawawa were, for new construction, 98,000, and for maintenance, \$61,000.

Going now to the fiscal year 1949-50, we find that these figures have increased to \$2 million for new construction and \$183,000 for maintenance; and in the year 1951-52 they have again increased to \$1,982,000 for new construction, and \$1,231,000 for maintenance.

During this period, the strength of the Petawawa detachment of the Army Works Services increased from 1 officer and 17 men with 83 civilians in 1948 to 3 officers, 33 men, and 233 civilians at the present time.

Mr. PEARKES: Would you mind giving us the rank of the senior officer?

The WITNESS: The rank is that of major, sir. The company is commanded by a major.

Mr. BENIDICKSON: I did not get the first figures.

The WITNESS: One officer, 17 men, and 83 civilians, sir, in 1948.

Mr. WRIGHT: And what are they at the present time?

The WITNESS: Three officers, 33 men, and 233 civilians.

Mr. FLEMING: As I followed those figures, we have been given the figures for every other year; first it was 1947, then the year 1949-50; and then 1951-52.

The WITNESS: That is right.

Mr. FLEMING: Well, have we got the figures for the intervening years? Is there any significance in that?

The WITNESS: Could I answer that question in a moment when I have obtained the figures?

The CHAIRMAN: Very well. You stick to your last. You may go ahead.

The WITNESS: As is inevitable in any large organization such as Camp Petawawa, in which stores valued roughly at \$30 million were held, thefts did occur, and always have occurred. During the year 1951 the Canadian Provost

Corps investigated some 43 cases of theft and improper taking of Crown property. These were all of a comparatively minor nature however. For illustration, I will give you two or three examples of the type of thing that happened.

On the 13th of October, 1951, a private soldier was arrested for selling army shirts to civilians, and he was awarded 30 days detention.

During September, 1951, a quantity of signal cable was stolen from the camp. The four soldiers involved were apprehended and each awarded 90 days detention.

On the 10th of May, 1951, a 9 mm. Browning pistol was stolen and the two soldiers who were responsible were tried by Court Martial and each awarded a sentence of one year's imprisonment. And so it goes. There were a number of instances of that nature. As I have said, there was a total of some 43 cases which the Provost Corps investigated during the year 1951.

Mr. WRIGHT: Were there any major ones?

The WITNESS: No, there were no major cases.

Mr. ADAMSON: These were personnel of the Army Workshops?

The WITNESS: No, they were not.

Mr. FLEMING: What was the maximum sentence?

The CHAIRMAN: Gentlemen, gentlemen. Please wait. Let the witness continue with his evidence. He will be available to you and you can cover your ground then. Let us keep his evidence in sequence.

The WITNESS: None of the Provost investigations that occurred during 1951 disclosed any fraudulent conspiracy among persons in the camp to carry out organized thefts. You will appreciate, sir, that thefts by individuals are, generally speaking, fairly easy to detect. But when you get a group of people who are employed in the same line of work, conspiring together to commit thefts or other fraudulent acts, then detection is normally extremely difficult.

In addition to the Provost investigations of thefts from the camp during 1951, inquiries were being conducted into the accounting procedures being followed as a result of a report made by the Chief Auditor of the department on the 19th of July, 1951. These investigations had disclosed no evidence of fraudulent conspiracy, but they did indicate the necessity for better and more accurate accounting.

On the 12th of October 1951, an anonymous letter was received by the Royal Canadian Mounted Police in which it was alleged that an irregular transaction had taken place between personnel, or certain personnel of the Engineers Works Detachment, and a firm known as the Jacobson Iron and Metal Company of Brockville, involving the improper disposal of several carloads of cooking stoves and heaters.

This anonymous letter was forwarded by the R.C.M.P. to the army provost marshall, who in turn forwarded it to the Headquarters Central Command. The general officer commanding Central Command looked into the matter and on his recommendation the R.C.M.P. were asked to investigate the circumstances disclosed by the letter. The matter was referred by R.C.M.P. headquarters to both their Pembroke and Brockville detachments for investigations. These detachments made a preliminary investigation and reported to headquarters that there appeared to be some substance in the allegations contained in the anonymous letter. When this report was received a senior non-commissioned officer of the Criminal Investigation Branch of the R.C.M.P. was assigned exclusively to the case and he co-operated with the army provost in carrying out further investigations. The R.C.M.P. and the provost interviewed everyone in any way concerned with the alleged irregular sale of cooking stoves and heaters. Their investigation indicated that a considerable quantity of

material had been improperly disposed of as scrap and that a Staff Sergeant Young had been one of the persons most seriously implicated in this transaction. The command provost marshal succeeded in obtaining a statement from Staff Sergeant Young on the 23rd of February, 1952. This statement not only disclosed the names of the other persons concerned in this scrap deal to which the anonymous letter had referred, but also disclosed a number of other irregularities that had occurred in the camp.

When this information was obtained the command provost marshal was relieved of all other duties and instructed to devote all of his efforts to the investigation, and the R.C.M.P. placed their investigations in charge of an inspector who specializes in this type of work and assigned a number of additional officers and men to the investigations.

The provost and police investigations were carried out in a most efficient manner. As many of the witnesses had been posted away from Petawawa to other establishments it was necessary for them to travel to such distant places as Fort Churchill, Halifax, Charlottetown and Fredericton, to obtain statements and to bring in witnesses from points as distant as Chilliwack in British Columbia. Some of the army provost reports, as often happens in the early stages of an investigation, did contain statements that subsequently proved to be incorrect. Examples of this are statements that horses were placed on the army payroll in the name of labourers and that certain pulp wood had been stolen from the Crown.

Mr. FULTON: Sorry, I did not quite catch that. Statements of witnesses?

The WITNESS: These were statements contained in the provost reports. They were summaries of statements made by witnesses.

The CHAIRMAN: Gentlemen, Brigadier Lawson is making a statement. You will have a chance at him I assure you.

The WITNESS: To understand the nature of the conspiracy at Camp Petawawa it is important to appreciate the organization of the army services detachment at the camp during the period in which the irregularities took place.

The officer commanding the detachment during this period was a Major Elmer. Major Pumble and Captain Baldock were works officers and Staff Sergeant Young was foreman of works.

Of these, Major Elmer, Captain Baldock, and Staff Sergeant Young were convicted by the civil courts and are now serving terms in the penitentiary. Major Pumble was tried by the general officer commanding Central Command for irregular conduct, was convicted and has now been discharged from the army.

By the end of February, 1952 it appeared that sufficient evidence had been obtained to justify legal action and Mr. G. B. Cooke of the firm of Chown and Cook of Renfrew was appointed by the Department of Justice as crown counsel and advised the police and provost in connection with their further investigations.

By April it appeared that the investigations had reached a stage when charges could be laid and on the 7th of April Mr. J. W. Pickup, Q.C. was appointed as senior Crown counsel to prosecute the cases.

On Mr. Pickup's appointment as Chief Justice of Ontario prosecution was taken over by Mr. T. N. Phelan, Q.C., of Toronto one of the leading Canadian counsel. On the 17th of April, 1952 the first charges were laid.

Altogether a total of ten civilians and five military personnel were prosecuted in the civil courts, of whom eight civilian and four military personnel were convicted.

By Mr. Benidickson:

Q. I don't want to avoid your laid down procedure Mr. Chairman, but that raises an important point. When you add these up you have fifteen people

charged and only 12 cases disposed of.—A. All the cases have been disposed of Mr. Chairman. Some were acquitted and some were convicted.

Q. What about the other three?—A. Acquitted.

Q. There were trials and acquittals.—A. That is right.

Q. In other words there is nothing pending at the moment and so we are not sub judice at the moment?—A. That is right, there is nothing pending.

Mr. PEARKES: Do these acquittals or charges include the officer who was tried by the commander of the district?

The WITNESS: No, sir. Major Pumple, no, sir.

Mr. PEARKES: That is in addition to the fifteen?

The WITNESS: I am coming to the disciplinary action later. I am dealing now with the civil action.

Mr. ADAMSON: Who was the G.O.C.?

The WITNESS: General Graham, sir.

The details of the prosecutions are as follows: First, Captain Baldock. He was arrested on the 18th of April, 1952, there were two charges of conspiracy to commit theft and two charges of theft laid against him in connection with the illegal disposal of scrap in 1950 and 1951. On the 16th of September, 1952 he was further charged with breach of trust in connection with the employment of engineer labour by civilian contractors and the retention of their wages. He was tried on the 19th of November, 1952 and pleaded guilty to the two charges of conspiracy. The other charges were dropped and he was sentenced to two years in the penitentiary on each charge the terms to be concurrent.

Jack Jacobson, the partner in the Jacobson Iron and Metal Company who had been connected in this matter was also arrested on the 18th of April, 1952 and was charged with theft of scrap and conspiracy to commit the theft of scrap. His trial commenced on the 12th of November, 1952. He originally pleaded not guilty but on the 17th of November he changed his plea to guilty on all charges. He was sentenced to two years in the penitentiary on each charge. There were four charges two of conspiracy and two of theft. The sentences were again concurrent.

Amos Durant and David Mawhinney, two employees of the Jacobson Iron and Metal Company, were also arrested on the 18th of April, 1952 and charged with the theft of scrap and conspiracy to commit theft of scrap. They were tried on the 12th of November, 1952 and acquitted, as it was apparent that their employer was the responsible party.

Mr. ADAMSON: Did these trials take place in Brockville?

The WITNESS: No, sir, Pembroke.

Mr. ADAMSON: All the trials were in Pembroke?

The WITNESS: Yes, sir.

N. Eisen and H. Eisen who were the owners of the Pembroke Salvage Company were arrested on the 18th and 26th of April, 1952 respectively. They were charged with theft of a tank cupola in 1951, the theft of a skimmer bucket and boom in 1951, theft of weigh scales and conspiracy to steal.

I might say in connection with these items that although they seem like very substantial pieces of equipment actually the tank cupola was the cupola of an old tank left out on the ranges as a target and was rusted and so on.

Mr. LARSON: What date was that?

The WITNESS: I have not the date.

The weigh scales were also very old and had been replaced and the skimmer bucket and boom had not been used for many years. The Eisens were tried on the 21st of December, 1952 and convicted. They were given one year suspended sentence and fined \$250 each.

Staff Sergeant J. M. Young was arrested on the 13th of May, 1952. He was charged with conspiracy to commit theft of scrap, theft of scrap, and criminal breach of trust in connection with the hiring of horses. He was tried on one charge of conspiracy to commit theft on the 10th of June, 1952. This trial lasted until the 19th of June, when he was convicted and sentenced to two years in the penitentiary on that one charge. He appealed his conviction to the Court of Appeal for Ontario, but the appeal was not allowed.

On November 13 he was arraigned on two charges of theft, and the one remaining charge of conspiracy to commit theft. He pleaded guilty to these three charges and was convicted and sentenced to two years on each charge, all of his sentences to be concurrent. The charge of criminal breach of trust was dropped on the advice of counsel.

Major A. R. Elmer was arrested on the 10th of July, 1952 and charged with theft of \$1,550 received from certain construction companies for the rental of army equipment, theft of \$847 received for gravel sold to various contractors from a government gravel pit, theft of \$50 in connection with the sale of some slabwood, theft of furniture, theft of \$1,088 arising out of the return to the supplier of certain plumbing fixtures, and theft of \$250 being a rebate of five cents a log received by him from a contractor who had a log cutting contract at the camp. He was tried on the 10th July, 1952, pleaded guilty to all charges and was sentenced to two years in the penitentiary on each charge, the sentences, again to be concurrent.

A Corporal Twocock was arrested on the 22nd October, 1952 and charged with the theft of building materials which, it was alleged, he had used to construct a cottage for himself. He was tried on the 17th and 18th of November, 1952, pleaded not guilty, and he was acquitted by the jury.

Staff Sergeant Humphrey, Silas Edwards and Mervin Brown were arrested on the 26th May, 1952 and charged with theft of some linoleum from the camp. They were all convicted. Humphrey and Edwards were sentenced to one month in jail and Brown was given a six months' suspended sentence.

On the 26th May, 1952, Thomas Perkins, A. Wisenberg and F. W. Schultz were arrested and charged with receiving the stolen linoleum. They were tried on the 3rd of July and convicted. Each was given six months' suspended sentence.

Those were all of the charges laid in civil criminal courts and dealt with by those courts. There are no charges pending.

Mr. HUNTER: Were these all jury trials or were some of them before a judge or magistrate?

The WITNESS: The more serious ones were jury trials in the county court and some were before magistrates. Major Elmer was before a magistrate. The linoleum cases were before a magistrate. All the others were before a county court judge and jury.

Now, in addition to the civil charges, a number of military personnel were disciplined. On the 2nd September, 1952, Major F. G. Pumple was charged with three charges of conduct to the prejudice of good order and military discipline, first in that he had private dealings with civilian contractors contrary to the King's Regulations, secondly, that whilst employed as a works officer at Camp Petawawa he failed to keep proper records of loans, and, thirdly, that he improperly expended the Crown's time and material in the fashioning of furniture for his personal use. He was tried on the 5th September, 1952, by the general officer commanding Central Command and convicted on the charges of private dealings with civilian contractors and of improperly having furniture constructed. He was awarded a severe reprimand and was subsequently discharged from the army for service misconduct.

On the 6th June, 1952, Sergeant S. L. Fiset, Corporal L. A. Gareau and Lance Corporal W. S. Cole were charged with theft of lead from the rifle butts at Camp Petawawa. They were tried before their commanding officer. Sergeant Fiset and Corporal Gareau were awarded a severe reprimand and Lance Corporal Cole was awarded a minor punishment.

On the 19th January, 1953, Sergeant L. A. Milberry was also charged with theft of lead from the rifle butts. He was tried by his commanding officer, convicted and awarded a severe reprimand.

On the 16th January, 1953, Corporal Twocock, who had been tried and acquitted by the civil court on the charge of building his cottage with Crown-owned materials, was charged with conduct to the prejudice of good order and military discipline in that he used army equipment for private purposes. He was awarded a reprimand.

That, Mr. Chairman, covers the disciplinary actions taken in connection with this matter.

Substantial recoveries have been made from the credit balances in the pay accounts of the military personnel concerned in this wrongdoing. They are as follows: Major Elmer, \$3,787.30; Captain Baldock, \$3,000; Sergeant Fiset, \$233.33; Lance Corporal Cole, \$233.33; Sergeant Milberry, \$233.33; Corporal Twocock, \$100; Corporal Gareau, \$50.

It was not considered proper by the department to take civil action in respect of the claims, that is, the civil claims arising out of the Petawawa irregularities, until all of the criminal charges had been disposed of. This matter has now, however, been referred to the Department of Justice with a request that they take action in all cases in which they consider the Crown has a legal claim. Over \$4,000 has already been recovered from one contractor who, through an error, overcharged in respect of a contract for the laying of sewers.

All of the furniture that had been improperly made at Petawawa that could be identified has been recovered, as has an electric refrigerator, washing machine, and a boat improperly obtained from a hardware company. Some of the stolen linoleum, the weigh scales, some of the heaters, shower stalls and stoves, and other articles improperly sold as scrap. Other material sold as scrap is still under seizure. Rumors and police reports suggested that other irregularities might have occurred at Petawawa. All of these allegations have been very carefully investigated and where any evidence has been found it has been submitted to crown counsel. He is of the opinion, however, that the available evidence does not justify criminal prosecution in any further cases.

Mr. Chairman, Mr. Fleming asked for expenditures at Petawawa during the years 1947 to 1953. They are as follows: 1947-48, new construction \$98,705, maintenance \$61,320; 1948-49, new construction \$2,022,000, maintenance \$183,000.

Mr. FLEMING: I may be wrong, but I thought you gave us those figures you just read as those for the years 1949-50.

The WITNESS: The 1949-50 figures are very close. I was making an approximation.

1949-50, new construction \$2,346,000, maintenance \$306,315; 1950-51, new construction \$1,989,000, maintenance \$892,000; 1951-52, new construction \$1,982,000, maintenance \$1,231,000; 1952-53 to the 31st December, new construction \$1,018,000, maintenance \$489,000.

The CHAIRMAN: Gentlemen, we heard the statement and now we are prepared for questioning. Mr. Fleming asked me first.

By Mr. Fleming:

Q. There are a couple of questions I will put now if I may, Mr. Chairman. I gather from what Brigadier Lawson has told us that the criminal aspect

of all this matter is now closed?—A. That is right, sir, unless further evidence comes to light.

Q. I gather this whole investigation and the prosecution and disciplinary actions which grew out of it commenced with the report received by the chief auditor dated July 19, 1951. Am I correct in that?—A. That is not right, sir, no. That did not disclose the conspiracy. The conspiracy was only uncovered as a result of the investigation following the receipt of the anonymous letter.

Q. Will you clear up that report? What action followed the receipt of that particular report from the chief auditor dated July 19th, 1951?—A. The normal action was that the matter was referred to the Command with the request that an explanation be given on the observations made by the chief auditor.

Q. Can we have a copy of that report?—A. The report of the chief auditor?

Q. Yes.

The CHAIRMAN: That is all right.

By Mr. Fleming:

Q. You suggest the fact that the report of the chief auditor disclosed no conspiracy. What was the nature of the report itself?—A. Frankly I am not competent to speak on auditing. I know nothing about it.

Q. If you are not familiar with the contents of that report I will not stress that matter further. We may take it that the genesis of the extended inquiry out of which the disciplinary action grew was the receipt of the anonymous letter in October 1951?—A. Yes. That I think is correct, sir.

Q. So that no action of this nature, that is the prosecutions and disciplinary actions, grew out of the report of the chief auditor?—A. No. Not these prosecutions to which I have been referring, sir.

Q. I gather that this report of the chief auditor and earlier reports then had not given rise at least to any prosecutions or disciplinary action?—A. That is correct as far as I am aware.

Q. Is that a complete answer, Brigadier Lawson? Can I take it that at no time did prosecutions or disciplinary actions result out of the contents of the report made by the chief auditor of the department?—A. I cannot answer that question firmly. I know of none.

Q. Could you inform yourself on that, or have someone bring us that information?—A. Yes, I could do that, sir.

Mr. DICKEY: The deputy minister might have that.

Mr. WRIGHT: In the six months previous.

By Mr. Fleming:

Q. Coming to the question of that charge of criminal breach of trust with respect to Sergeant Young with regard to hiring certain animals, you say that was dropped on the advice of counsel?—A. That is right.

Q. Was that written advice?—A. I cannot answer that at the moment, sir. I can inform myself on that.

Q. If it was written advice I think I would like to see the communication.

By Mr. Wright:

Q. Were there any courts-martial or disciplinary actions taken against any of the personnel in this company in the six months prior to this investigation which you stated on that date in question 2?—A. I am sure, Mr. Chairman, there would be some disciplinary action. There normally is, but I am not aware of what it was.

Q. Could the committee have a report of the disciplinary action and prosecutions which had taken place in the six months prior to the date of these investigations being started by the R.C.M.P.

Mr. BENIDICKSON: What date?

Mr. WRIGHT: October, 1950.

The CHAIRMAN: The letter came on October 12, 1951. Any disciplinary action was taken previous to October. The charges were not laid until February, 1952. Now what date have you in mind? Six months previous to February, 1952?

Mr. WRIGHT: Let us take a year previous to April, 1952. That will give some indication to the committee whether there was any previous notice of irregularities in the camps.

The CHAIRMAN: You appreciate, Mr. Wright, that some action was taken on small matters by the officer in charge.

Mr. WRIGHT: I would like an official statement of all of the disciplinary actions which may have been taken in that company in the year previous to April, 1952.

The WITNESS: I would like to make a correction in my evidence in connection with that. I said in the year 1951 there were 43 cases investigated by the Provost Detachment at Petawawa. That number should have been 84.

Mr. FLEMING: That is the calendar year 1951?

The WITNESS: Yes, sir.

By Mr. Wright:

Q. Were the charges of theft dropped against Captain Baldock? You mentioned there was one charge on which he was sentenced and two other charges laid against him were dropped. Is there anything to show why those charges were dropped? On whose advice were they dropped?—A. They were dropped on the advice of counsel.

Q. On the advice of—A. Of the Crown counsel, Mr. Phelan.

Q. Have we any written statement from the Crown counsel with regard to that?—A. Not that I am aware of. I am not sure.

Mr. DICKEY: He had been convicted and sentenced to two years prior to the dropping of the other charges?

The WITNESS: That is right.

Mr. HUNTER: It is normal to drop extra charges unless as a result of those charges you would have an additional sentence; if you are only going to repeat the sentence you already have it is normal procedure to drop them?

The WITNESS: Yes, sir.

Mr. WRIGHT: I am not familiar with these things. It was something which came to my mind that the committee might want to know.

The CHAIRMAN: Any further questions?

By Mr. Applewhaite:

Q. It is possible that this witness cannot answer this question but the figures he gave us in connection with the maintenance expenditures at Petawawa in 49-50, \$183,000—these are approximate; 51-52, \$1,231,000—I would appreciate it if we had some explanation accounting for the six-fold increase in maintenance expenditures in that short time?—A. The reason for that great increase in maintenance was the very large program of renovation at Petawawa made necessary by our preparations for our commitments in

Korea and in Europe. In other words the existing buildings had to be entirely renovated and done over so we could move troops in who were subsequently to go to Korea and Europe.

Q. And renovation was included in maintenance?—A. Yes, sir.

Mr. DICKEY: This is also part of the terrific build up imposed on the army work services in this period?

The WITNESS: That is right.

By Mr. Fulton:

Q. Brigadier Lawson, you gave us as I recall only one set of particulars with respect to the times of the offences which were charged against these various persons. You told us Captain Baldock was charged for offences occurring in 1951 and 1952. Were there any other charges laid with respect to offences going back that far and if so in what years were those offences committed?—A. Mr. Chairman, all of the charges relating to this scrap deal were confined to two periods. There were charges laid of theft of scrap in 1950 and of conspiracy to steal scrap in 1950, and there were charges laid in respect of 1951, one charge of theft and one of conspiracy, and you will notice in the cases of Baldock, Young and Jacobson there were two charges on theft and two of conspiracy.

Q. The offences with respect to which Staff Sergeant Young was charged went back to 1950 for one and 1951 for another?—A. That is right, sir.

Q. Were any of the charges with respect to offences occurring prior to 1950?—A. There was one charge against Major Pumple which related to an incident in 1949.

Q. Was he convicted with respect to that charge?—A. Yes, sir.

Q. Could you indicate to us the nature of the offence?—A. The charge was that of "conduct to the prejudice", in that he had had improper dealings with contractors.

Q. And that was the farthest back in point of time of any of the charges, was it?—A. Yes, sir.

Q. You said in your evidence that you thought we should get a perspective, and you gave evidence as to the expenditures at Petawawa. I wonder if you could get figures for us to show how great a proportion of the Army Works Services total responsibility, or total expenditures is represented by Petawawa?—A. I believe I have the total expenditures for the Army Works Services here. The total expenditure for the Army Works Services were as follows:

In 1947-48,	\$ 7,500,000
1948-49,	\$15,500,000
1949-50,	\$19,000,000
1950-51,	\$45,500,000
1951-52,	\$68,500,000
and 1952-53, estimated,	\$77,500,000.

Q. You do not have anywhere worked out the proportion of Petawawa expressed as a proportion of the total?—A. No, I have not, sir.

By Mr. Hunter:

Q. What do these figures include?—A. They are expenditures for which the Army Works Services are directly responsible.

Q. Do they include pay for the Army Works Services?—A. No, not pay; they are expenditures other than the upkeep of the Army Works Services itself.

Q. Yes.

Mr. FULTON: Mr. Chairman, perhaps I might ask my questions through Brigadier Lawson, or we could get it worked out, but I would like to have it

worked out as a proportion of the total so that we could see the field covered by this inquiry, and also expressed as a proportion of the total army expenditures for these same periods.

The CHAIRMAN: Let us deal with the question. It is a matter of arithmetic. Someone has to do it. I think I will ask the Deputy Minister. Will you have it for us?

Mr. DRURY (*Deputy Minister of National Defence*): Yes.

The CHAIRMAN: He will have it for us at the next meeting.

By Mr. Henderson:

Q. Going back to 1951, there was a total of 84 cases of theft which were investigated, and those cases were heard as a result of Provost investigations. I presume that the 84 cases were not confined to Works Services personnel, but to the whole population of the camp, bearing in mind the fact that there were units coming and going?—A. That is correct, and they are not, all 84, cases of theft; there were 84 cases of investigation of matters having to do with improper takings of property, or the improper handling of property, but not all of theft.

Q. Have you any idea how many people passed through the camp during that year?—A. I am afraid I have not got that information.

By Mr. Pearkes:

Q. You gave us the organization of the Army Works Detachment at Petawawa as being 3 officers, commanded by a major, and 33 other ranks, and some civilians. I would like to ask a few questions regarding the chain of command to that Works Services Detachment. From whom did they receive their instructions? From whom would they obtain their authority to carry out works? To whom would they report, and who supervised that work of the Army Works Services Detachment?—A. Mr. Chairman, the Army Works Services Detachment at Petawawa would receive its instructions through normal command channels, that is, through Central Command. Army Headquarters to Central Command to the detachment in Petawawa.

Q. Would they pass through the O.C. at Petawawa, or would they come direct from Central Command?—A. They would go through the O.C. of the camp, sir. There is, of course, a senior engineer officer at headquarters of Central Command who has charge, generally, of the supervision of these works detachments in the camps.

Q. Is there any senior engineering officer at Petawawa Camp, or is the officer in charge of works services a senior engineer officer?—A. The officer in charge of the Works Services is the senior engineer officer.

Q. There is no senior engineer officer above him at Petawawa?—A. No sir. The headquarters staff is a very small one; it comprises a colonel and four or five other officers. That is the total headquarters staff.

Q. And the colonel in charge at Petawawa Camp would receive all his engineering advice from the engineer officer in charge of the works services?—A. That is right, sir. That is right in respect of the Works Services themselves, but not the training of engineers. That is another matter.

Q. But the officer in command at Petawawa would be responsible not only for the administration, but for the general supervision of training soldiers as engineers of other units?—A. The officer in command of the camp is not in charge of training. The units train, as I understand it, independently. The camp headquarters is an administrative headquarters.

Q. With no responsibilities for co-ordinating training or anything of that sort; it is a purely administrative headquarters?—A. That is as I understand it, sir.

Q. Then, would the O.C. of the Works Services Detachment at Petawawa obtain authority from the O.C. at Petawawa Camp to carry out any works that were required?—A. The camp commander would have certain limited powers to order work carried out, and could give instructions in so far as his powers went, but they would be quite limited. Instruction for larger projects would come from Central Command or from army headquarters in Ottawa through Central Command.

Q. Is there any limit? Could you tell us the limit of powers, that is, how much the O.C. at Petawawa may authorize without reference to Central Command?—A. I have not that information available at the moment but I can easily get it.

Q. Then the work of the O.C. of the Works Services would be supervised by the officer commanding at Petawawa directly?—A. I would not say that, sir, no. The officer commanding at Petawawa is not normally an engineer. It comes under him, and he would certainly have supervision over it, but not detailed supervision.

Q. Who would carry out any detailed supervision?—A. The command engineer officer would go from time to time to Petawawa, and officers of his staff would go and check on what was going on.

Q. And that command headquarters is situated at what point?—A. At Oakville, sir.

Q. And there was a senior engineer officer at command headquarters, or did they have one at this time?—A. At that time, sir, the senior engineer officer was a lieutenant-colonel. He had on his staff a captain, 2 lieutenants, and a small sub staff.

Q. And that small staff would be responsible for the supervision of the Engineer Works Services, and the Engineer Services being carried out throughout the whole Central Command?—A. The command engineer, sir, would have the over-all responsibility. There are, of course, areas in the command. For example, in Ontario, there are engineer officers in eastern Ontario area with headquarters at Kingston, and in the western Ontario area with headquarters at London.

Q. But the eastern Ontario headquarters command would have no supervision over Petawawa Camp?—A. That is correct. It comes directly under the command of the command headquarters.

Q. Could you tell us the age and the service the O.C., Major Elmer, had prior to going to Petawawa Camp?—A. I am afraid I will have to get that; I have not got it immediately available.

Q. I think it is important, because you illustrated the large amount of money which he must supervise; and I think it is only fair to him for us to know what his previous service was.

The CHAIRMAN: We shall get the answer to that for you, General Pearkes. It is Major Elmer's age and experience. That is the question.

Mr. PEARKES: He was the officer in command.

The CHAIRMAN: Yes. Now, Mr. Larson.

By Mr. Larson:

Q. I was rather struck by the rough calculations. Since 1947 it appears that a good deal over \$10 million has been spent at Petawawa. Is that correct? A good deal over \$10 million has been spent for maintenance and construction?—A. Yes, that is correct.

Q. And so the army works services have access to most of the material involved in this construction and maintenance?—A. Yes.

Q. Have you any idea what the total disappearances were in the period?

The CHAIRMAN: Now just one moment, gentlemen, please. You must speak up. The acoustics here are better than in the railway committee room, but are still not too good. You must speak up so that the witness can be sure he knows what you are asking.

By Mr. Larson:

Q. Have you any idea what the total disappearances were during that period?—A. No, I have not.

Q. Would \$51,000 be a rough estimate?

The CHAIRMAN: No, you remember I said he would be factual.

The WITNESS: I wish to correct my first answer. I said the army works services personnel would have access to all this material. Actually, they would have very little access to contractors' material. A great deal of this work was done by contractors under the supervision of the army works services.

By Mr. Larson:

Q. I would like to have an established percentage, but I see that cannot be done at this time. It would appear to me to be fairly low. Just one other question. Have you any idea what date the target tank was removed from the camp?—A. September, 1951.

Q. Just one other point. Respecting the matter of the horses on the payroll that you mentioned, would that be considered in accountant's terminology payroll padding?—A. I am not an accountant, sir, I am afraid I cannot answer that.

The CHAIRMAN: I do not think that is a question we should ask Brigadier Lawson.

Mr. LARSON: I will reserve that.

By Mr. Benidickson:

Q. Brigadier Lawson, you mentioned that at this time the complement of the works company at Petawawa consisted of three officers and some thirty-three military personnel and two hundred and thirty-three civilians, and you also mentioned that some ten civilians had charges laid against them. Were any of the civilians in the group of employees at Petawawa?—A. Yes, sir, they were. Those charged in connection with the theft of linoleum were employees.

Q. How many out of the ten were employees?—A. Five.

Q. You said that five military personnel were subject to charges? Did that include all the officers of the works company at one stage?—A. There was one junior officer, a lieutenant, not included.

Q. Of the other two or three how many were N.C.O.'s?—A. There was Staff Sergeant Young and Sergeant Humphries, they were the only people in the engineering works services.

Q. I am coming to the anonymous letter received on October, 1951. I think you said this went to command headquarters, is that correct?—A. That is correct.

Q. Have you any knowledge as to when it came to the attention of Ottawa headquarters?—A. The anonymous letter was received on the 12th of October.

Q. By whom?—A. By the R.C.M.P on the 12th of October and it was immediately sent to Army headquarters and from there to Central Command headquarters.

Q. In other words it went down and not up?—A. That is right, and it arrived at the Central Command headquarters on the 16th of October.

Q. You mentioned that subsequently the provost corps made certain investigations and in the course of these investigations they obtained a number

of statements some of which you said did not subsequently stand up, and I think you gave examples of pulp wood and other inaccuracies related to horses.—A. That is not exactly what I said. I said the provost reports which were in effect brief summaries of these statements and were not in some instances strictly accurate.

Q. Were these provost reports available to Mr. Currie?—A. Yes, I am informed they were made available to Mr. Currie.

Q. Did any of the charges that we have heard about relate to any equipment that was the property of the Sullivan Construction Company?—A. I do not quite follow the question, Mr. Chairman, do you mean construction equipment that they owned?

Q. Exactly. Yes, I believe they were on the camp at that time. Did any of the charges involve the theft of property belonging to the Sullivan Construction Company?—A. No, sir, none of the charges related to the theft of equipment from the Sullivan Construction Company.

Q. Did any of the charges involve bacon?

The WITNESS: No, sir.

Mr. BENIDICKSON: What was the name of the construction company from whom you recovered \$4,000.

The CHAIRMAN: Well he did not give us the name, Mr. Benedickson. I leave it entirely to you and you can use your own judgment on that.

Mr. BENIDICKSON: I won't press it, but we have had the names of other people.

The CHAIRMAN: We have had names of people convicted and that is quite proper, but these were not convicted.

Mr. FULTON: My recollection was that Brigadier Lawson said one contractor had made a payment as a result of it being informed it was in error.

Mr. BENIDICKSON: I won't press it.

By Mr. Adamson:

Q. I would like to ask the size of the administrative staff in the summer and the winter. I understand Petawawa in the summer is used for summer training and there is a lot of the reserve army goes there and there is a General who is in charge of summer training. Can you give us the difference in the set-up of the staff in the summer and winter time?—A. I cannot give you the exact figures on that, Mr. Chairman. What happens in the summer is that a proportion of the staff from Central Command moves up to Petawawa to handle the summer training. I could obtain the figures if you would like to have them.

Q. Does the general officer commanding Central Command move to Petawawa in the summer?—A. He will go up from time to time or perhaps go up and stay for a period. He does not officially move there, that is, he is not officially posted from headquarters Central Command to Camp Petawawa. It is under his charge, of course, and he goes up from time to time.

Q. You said there were how many officers on the permanent staff under the camp commandant, and can you give me their functions?

The CHAIRMAN: One question at a time, gentlemen.

The WITNESS: There is the commander, who is a colonel; there is the D.A.Q., who is a major; a staff captain and a fluctuating number of staff learners, probably one, two or three.

By Mr. Adamson:

Q. And these few officers are responsible for some 3,500 military personnel and seven units?—A. No, that would not be correct, sir. The units look after

their own men. This is only an administrative staff. The units look after discipline, training, everything of that nature. The camp staff is an administrative staff.

Q. The camp staff looks after them for things like rations?—A. I think that is correct, sir.

Q. And construction?—A. Right, sir.

Q. Traffic control?—A. Yes.

Q. And who looks after such things as the accounting of the grocery store and the department store?—A. The camp headquarters is responsible for that.

Q. Have you any idea of the turnover in cash value at these two stores during the year?—A. I have not, sir. We can obtain that information.

Q. I would like to have it.

The CHAIRMAN: That will be made available

By Mr. Adamson:

Q. And the provost officer is under the camp commandant?—A. The provost officer comes under the camp commandant for local administration, but for provost matters he has a direct channel to the Command provost marshal. He reports to him.

Q. At Oakville?—A. Yes, at Oakville.

Q. How many personnel are there in the provost detachment at Camp Petawawa?—A. In 1951 there was a staff of five, sir, a sergeant and four men. Then there is a provost officer in the camp who is commander of the detention barracks and also has supervision over the provost detachment.

Q. If I understand you correctly, he reports Central Command, not to the camp commandant?—A. On provost matters directly to Central Command, sir.

Q. Under whose command come the civilian guards at the gates?—A. They come under the camp commandant, sir.

Q. And who supplies them?—A. They are supplied through the Corps of Commissionaires.

Q. Can you tell me how many there are?—A. I will have to get the figures, sir. I think there are around twenty, but I am not sure of that.

Q. What I am driving at is that for the camp commandant and two permanent officers and some staff learners—it seems a tremendous responsibility for such a small staff.

The CHAIRMAN: I saw what you were driving at, Mr. Adamson!

By Mr. Stick:

Q. During your evidence, Brigadier Lawson, you mentioned that Major Pumble, as I understand it, was tried by general court martial and discharged from the army.—A. No, sir, he was tried by the general officer commanding Central Command and sentenced to a reprimand.

Q. Was he subsequently discharged?—A. He was subsequently discharged from the army.

Q. Can I have the conditions of his discharge?—A. He was discharged, Mr. Chairman, for service misconduct.

Q. On what conditions? What would happen to his pension rights and things like that?

Mr. McILRAITH: What are the consequences?

The WITNESS: It is a misconduct discharge. He would get no pension. He would have the money he had paid into the pension fund returned to him.

By Mr. Stick:

Q. Just one more question. I am not a lawyer, Mr. Chairman, and it has been stated that organized theft is very hard to detect. My idea is that the

more people involved in a thing of that nature the easier it would be to detect. Can you explain why it is harder to detect, in general terms? I do not want the details.—A. I am not a police officer, sir, but I have been told that the reason is that your normal protection against theft is a system of checks. I mean you have one person checking another. In this case the officer commanding the detachment was involved in the conspiracy, and there was no check at all.

Q. In other words, there is a lot of covering up done?—A. That is right.

Q. And that is the reason it was not detected before?—A. That is as I understand it.

The CHAIRMAN: As I understood the evidence, the man in charge of the detachment was a Major Elmer and the man immediately under him was a Captain Baldock, and the sergeant was Sergeant Young, and a conspiracy revolved around the three of them. They are all now convicted and sentenced.

By Mr. Benidickson:

Q. Were they all there at one time?—A. Yes, sir.

Q. Were there any privates charged?—A. No, there were not.

By Mr. Boisvert:

Q. Did the various thefts committed in Petawawa Camp to which you referred in your evidence involve a large sum of money?—A. That I cannot answer accurately, sir. I would say not, from what information I have available.

Q. Have you got any idea of the value of the stolen property at Petawawa and the value of that which was recovered by your department?—A. I am afraid I cannot give you the value, sir. I did in my evidence mention the large number of recoveries that have been made. I have a figure here, sir, but I do not know anything as to its accuracy personally. Total losses, \$54,143.75; total recoveries, \$18,394.32; and estimated net loss of \$35,749.43.

The CHAIRMAN: General Pearkes, you asked a question and the brigadier's very competent staff have now got the information. I think you better have it now instead of waiting for it.

The WITNESS: General Pearkes asked for the financial authority of the general officer commanding and the camp commander in connection with works. The answer is that the camp commander has no authority. He cannot authorize any works. The general officer commanding in 1949-50 had authority up to \$5,000; in 1950-51 this was increased to \$10,000, this authority is for maintenance only.

The CHAIRMAN: Is there anyone who has not yet had an opportunity, who would like to ask any questions? We have gone the rounds. Mr. Fulton.

By Mr. Fulton:

Q. Brigadier Lawson, were you one of the officers of the department who saw this report between the time it was drafted and the time it was presented?—A. No, Mr. Chairman, I was not.

Q. Did anyone in your branch—

The CHAIRMAN: Now, just a minute. He said he did not. He is the head of the branch and he did not, and that is the answer.

By Mr. Fulton:

Q. And there is another question: did anyone in the Judge Advocate General's branch, to your knowledge, see it or was called in?—A. Mr. Chairman, to my knowledge no one in my branch saw the report.

Q. On another subject. Can you tell us the procedure with regard to the contracts which you have referred to at the camp, contracts with civilian construction companies, and so on. Are those signed contracts and if so who actually signs for the department or for the Crown on the part of the military authorities?—A. Mr. Chairman, all contracts are made through Defence Construction Limited and the documents are signed by the authorities of that organization. The Department of National Defence has nothing to do with the contracts.

Q. Well, in your evidence you referred to a contract. Could you give us one of the contracts in which a civilian contractor was involved in the charges that were laid?—A. There was a contract for the disposal of scrap. That was perhaps the most important.

Q. Right. Now, was that contract signed in the way which you have described, or would it be signed by an officer at the camp?—A. That is a different type of contract to the type I was mentioning. I was referring to construction contracts. This was a contract in connection with surplus, and surplus scrap contracts of that nature were made by the Crown Assets Disposal Corporation.

Q. Then the officers at the camp have no authority to sign these minor contracts, is that correct?—A. They have only a very limited local purchase authority to buy things needed immediately, but no contract of any amount at all can be made by the officers at the camp.

Q. Were all the contracts in connection with which charges were subsequently laid signed by Crown Assets Disposal Corporation?—A. Well, Crown Assets Disposal or Defence Construction or Canadian Commercial Corporation. The system, sir, is that the Department of National Defence itself does not enter into these contracts. There are other agencies of the government whose duty it is to negotiate these contracts.

Q. Just one final question. Does your knowledge establish the fact that of all these contracts or of any contracts that were involved in the charges that were laid none of them were contracts entered into either properly or improperly by officers at the camp?—A. I know of none that were entered into by officers of the camp.

By Mr. Jutras:

Q. I believe you said that five military personnel were charged and four convicted. How many of those were discharged from the service?—A. Captain Boldock has been discharged; Staff Sergeant Young was discharged; Major Elmer was discharged, and Major Pumple. I cannot answer as to the others at the moment, but I can obtain that information.

Mr. GEORGE: Mr. Chairman, I would like to ask, in the figures that the witness gave of the amount of construction and maintenance that was done at Petawawa over the years, could you give us or obtain for us how much of this was done by contract in dollar value and how much by the works service?

The WITNESS: I can obtain that.

Mr. HUNTER: First of all, I did not get the charge that was laid against Major Pumple and tried by the G.O.C.

The CHAIRMAN: That is a very convenient charge used by the army.

By Mr. Hunter:

Q. Was there any evidence which indicated Mr. Pumple was a party to the conspiracy?—A. There is no evidence that Major Pumple was connected with the scrap metal conspiracy charges.

Q. In whose charge are the equipment and materials used by the army works services? Do they get equipment and materials from ordnance or are

they under their own charge?—A. The Army works services get material and equipment from ordnance but once they get it it is on their own charge.

Q. They do not run a stores depot?—A. Mr. Chairman, the engineers do have a stores depot at Petawawa in which they stock engineers' materials. They draw ordnance materials from the ordnance depots.

Q. On whose charge was this scrap?—A. The works services would be responsible for the scrap.

Q. If they disposed of something in their own charge, then the only check would be themselves?—A. That is correct, sir.

Q. When the chief auditor makes a report on the camp at Petawawa to whom does that report go directly?—A. To the deputy minister, sir.

Q. It goes directly to the deputy minister?—A. The report is made by the chief auditor to the deputy minister.

Q. Does he make a report to his minister?

The CHAIRMAN: We will have the deputy minister here and he will speak for himself. I want to thank the brigadier for the clear and informative manner in which he has addressed the committee, and thank him for the way in which he gave his evidence. I also thank his very competent staff.

The committee adjourned.

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Committee on Defence Expenditure
Special Committee on 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

1952/53

SPECIAL COMMITTEE

ON

Physical &
Applied Sci.
Serials

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

Esplanade

TUESDAY, FEBRUARY 3, 1953

WITNESS:

Mr. George S. Currie of McDonald, Currie & Co., Chartered Accountants,
Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953



ORDER OF REFERENCE

MONDAY, February 2, 1953.

Ordered,—That the name of Mr. Herridge be substituted for that of Mr. Gillis on the said Committee.

Attest.

LÉON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, February 3, 1953.

(3)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Power, Stick, Thomas, Wright. (25)

In attendance: Mr. G. S. Currie of McDonald, Currie & Company, Chartered Accountants, Montreal, Quebec, Mr. C. M. Drury, Deputy Minister, Mr. E. B. Armstrong, Assistant Deputy Minister (Finance) and Mr. W. R. Wright, Chief Secretary, Department of National Defence.

The Chairman announced that Mr. Herridge had replaced Mr. Gillis on the Committee.

Mr. George S. Currie was called. He read a prepared statement, was examined and retired.

At 1 o'clock, the Committee adjourned to meet again on Thursday, February 5, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,

Clerk of the Committee.

NOTE: Page references to Currie Report are those of House of Commons *Hansard* of December 15, 1952.

EVIDENCE

February 3, 1953.

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. There has been a change on the committee. Mr. Herridge is replacing Mr. Gillis.

Our witness today is Mr. George S. Currie, a former deputy minister of Defence, chartered accountant of Montreal and the author of the Currie Report. I am sure you wish me on behalf of the committee to welcome him here. Mr. Currie has an opening statement. After he has finished with the statement—I do wish that you not question him while he is making the statement—we will then proceed as the committee has indicated and deal with parts 2, 3, and 4, which are the recommendations. Mr. Currie will explain and develop them for you. Perhaps he will have some supplementary views or information which will be of use to the committee.

Mr. George S. Currie, chartered accountant of Montreal, called:

The WITNESS: Mr. Chairman and members of the committee:

I welcome the opportunity which is afforded me of making a preliminary general statement to the Committee concerning my report to the Minister of National Defence on the Army Works Services.

It is important to refer at the outset to the terms of reference which are contained in a telegram of April 21 from the Minister of National Defence to me, reading as follows—

Confirming telephone please undertake immediate investigation and report earliest possible date into deficiencies and other irregularities engineering detachment at Petawawa and related matters there, or elsewhere both to determine cause and make recommendations regarding security and accounting for stores equipment and services so as to prevent recurrence with any additional powers or terms of reference which are necessary to make complete and thorough investigation and report.

From the foregoing it will be observed—

- (a) that deficiencies and other irregularities at Petawawa had already been discovered;
- (b) that I was instructed to investigate deficiencies, irregularities and related matters not only at Petawawa but also elsewhere;
- (c) that the objective of the investigation was to determine the cause;

Mr. Chairman, I would like to emphasize that I was to determine the cause. How was I to go about determining the cause? I must investigate and determine what the conditions were which allowed this situation to develop. I therefore had to find out what the conditions were before remedial action was taken.

- (d) that I was to make recommendations regarding security and accounting with a view to preventing recurrence; and
- (e) that I was vested with additional powers or terms of reference necessary for a complete and thorough investigation and report.

In the investigation I was assisted by a number of members and employees of my firm. My assistants and I received ready and full co-operation from the Minister and all departments of Government with which I dealt. The personnel of the various companies and detachments—I refer there of course to the army works services—with whom we came in contact had been alerted to the necessity of finding out what had gone wrong and what should be done to improve the situation and were co-operative and eager to be of assistance.

As will be seen from the report comprehensive general examinations were made at Petawawa, Toronto, London, Borden, Barriefield, Vancouver, Regina, Quebec and Halifax which in my opinion represented a fair cross section of the Army Works Services. We also examined the Chief Auditor's reports on other companies and detachments.

Deficiencies and irregularities, as I have just mentioned, had already been discovered at Petawawa. A number of cases had already been made the subject of court proceedings. I ascertained early in my investigation that the Department of National Defence had already commenced to take active steps to improve conditions and that the results were becoming evident in varying degrees in the various commands.

As my investigation proceeded it became apparent to me that the most important feature of my task was, after having ascertained the causes of the deficiencies and irregularities, to make recommendations from the point of view of security and accounting as to the methods to be adopted to correct the situation found to exist. In this connection it will be observed that the first part of my report consisting of seventeen pages (*Hansard* pages 712-716) deals with the nature of deficiencies and irregularities discovered and the causes thereof and that the remainder comprised in pages 18 to 74 (*Hansard* pages 716-730) and certain appendices contains my recommendations, general and more detailed, as to organization of the Service and methods of control, accounting and security.

My recommendations were made in an effort to be constructive. Their application in some cases may require further detailed study and planning so as to integrate or fit them into the existing system.

Thank you, Mr. Chairman.

The CHAIRMAN: Mr. Currie, is there any elaboration or any further information that you would like to give us with respect to this statement, anything further you can add to it?

The WITNESS: Mr. Chairman, by way of explanation I would like to say this: That in my report one of the problems which confronted me was how I should deal with the irregularities as Petawawa. I seriously considered eliminating any particulars whatsoever seeing that some of them were being dealt with through the courts. It was also impressed upon me that any particulars given by me in my report might prejudice one way or another the cases which were before the criminal courts. However, I thought that the terms of reference were such that I would be expected to mention these irregularities in the report. Now, I draw your attention to a paragraph on page 11 of my report—page 714 of the *Hansard*: "In such circumstances, when rigid accounting methods fail, police examination is the only available recourse left. This has been carried out with painstaking thoroughness, and leads me to the belief that most, if not all, the important irregularities have been uncovered. The police, too, have been able to recover by far the greater quantity of the missing goods, and these have been returned to stores."

I would also say that all the cases in the police and provost corps reports are not mentioned in my report or referred to. In the main, however, I took all this material from the R.C.M.P. and the provost corps reports. Some I

tested, like in the case of the cement, but as I say and emphasize again I was trying to find out what the cause was that these conditions should have occurred.

The CHAIRMAN: Gentlemen, we are dealing with parts 1, 2, 3 and 4 of the report. I should like very much if the committee would just direct itself to that.

By Mr. McIlraith:

Q. I notice from the top of page 2 of your statement this morning, Colonel Currie, that you say that you have received ready and full co-operation from the minister and all departments of the government with which you dealt and you have a similar type of statement in the early part of your report, page 712 of *Hansard*, where you say: "May I express my thanks to you and to all departments of government, including of course the Department of National Defence, for the ready and full co-operation afforded me." I take it that there is no doubt about it because of the fact of your repetition of that statement that you thought you got full co-operation and full access to any information you wanted?—A. That is correct, every word of it.

Q. My reason for asking that was that there had been a suggestion made that you had allowed yourself to be intimidated, and I take it from those two statements that you had full access to anything and everything you wanted in the course of your duties?—A. That is correct.

Q. Now, coming on Part II, page 716 of *Hansard*, at the top of the page, the second column, you start off saying: "The usual annual program of the army works services comprises the following main tasks:" and then you outline three sub-headings:

- (1) The requisite maintenance program—a fixed commitment.
- (2) That proportion of the planned new construction program approved by the government for the year.
- (3) The planning of further new construction and maintenance requirements.

In the earlier evidence in this case we were given the actual figures of those items going back the last three years—last several years. Those figures showed a sharp increase in the amount of work being undertaken. Would you care to comment on the bearing that increase had on the causes of these irregularities at Petawawa?—A. I have dealt with that somewhere in my report, but they were handicapped first of all by shortage of staff. Secondly, the organization was not flexible enough—was not so designed—it was obsolete—to handle the vast increase in the amount of business, we call it in commerce—and the amount of work they were asked to do; they were overwhelmed after the Korean crisis, they were overwhelmed with the program of maintenance and capital expenditures.

Q. Now, coming on to page 717 of *Hansard*—your report.

The CHAIRMAN: The right or the left column please?

By Mr. McIlraith:

Q. Left column, page 717. You deal with "limiting factors". "The capacity of the army works services to perform its tasks is hampered by" and you set out the three sub-headings: "1. Inability to obtain staff (civilian as well as military)."

I would like you to elaborate just a bit on sub-heading 1, the inability to obtain staff. Would you care to elaborate on that in particular?—A. The first thing I think of is wages and salaries offered. I think that probably is one of the very important parts in so far as civilians go but also they are

in quite a competitive market in a lot of the type of help they need to get, for instance there was a great shortage of engineers in civilian life, architects, and those people who are of that nature directly engaged in construction projects.

Q. I take it there are two types of civilian staff, those hired through the Civil Service Commission, mainly in the headquarters and in the civil service part of the operation in Ottawa, and then the actual civilian tradesmen and labourers? Would you care to make any comment as between the two groups?—A. I would like to add to your enumeration accountants as well because they, I feel, from the point of view of my investigation, were very important to have in the organization—accountants. In so far as the civil service is concerned, the first thing I think of is the great delay in getting approval for changes in establishments or increases in personnel that are required, and from the point of view certainly of the army, and which I agree with, an inability to appreciate the need for certain skills in the type of men they want. We found that particularly the case in storemen, where they are sometimes required to look after half a million dollars worth of materials.

Q. Coming back to accountancy. Accountants would be hired through the Civil Service Commission without exception?—A. As far as I know; I would think so.

Q. And what about the pay classifications with respect to professional men like accountants who would be hired on a salary basis?—A. Well, from our examination, for instance, of the particular positions that were required to be filled in the army works services, and I again go back to the position of storemen, salaries offered to storemen were just so low they would not attract men competent enough to look after those stores and understand them, because they have in their charge technical stores of great value and of a kind that the ordinary man does not understand; what I mean is, he cannot identify a particular piece of equipment of the stores that is required. An ordinary labourer or an ordinary clerk is not competent to look after stores of that kind.

Q. That would be due to the technical nature of the stores and the terminology used to describe the stores?

Mr. CAVERS: Would it be nearly impossible to get men to sever connections with their existing relationships at the time?

The WITNESS: Well, under the circumstances as they existed in the army works services, yes; but I think if career possibilities were opened and salaries could be increased, the attraction would be there.

By Mr. McIlraith:

Q. I see. Would you care to elaborate a bit on that method of changing? I am quite interested in your last answer, if you would just elaborate a bit.—A. I think that takes me right into my recommendations in regard to the organization. I have given you four alternatives, which are listed on pages 718 and 719 of *Hansard*. I start off on page 718, on the bottom of that page, with alternatives, and you will notice the first alternative is an improvement of the present organization by its enlargement and reorganization and new appointments, and to set it up differently. In alternative 2 I say:

The second alternative is to create a civilian organization running parallel to a military organization up through commands to army headquarters.

Now, what I had in mind there is just what has been suggested: to establish a civilian organization parallel to the military with, naturally, military men at the top or being part of the establishment, and that will be a permanent establish-

ment. You will then have this condition that if you bring in a man in a civilian position in the lower ranks he can see ahead of him chances of promotion, salary increases, and so forth, instead of the present situation where civilians are brought in on a sort of ad hoc basis just to fill an appointment and there is no future for them.

The CHAIRMAN: Mr. McIlraith, please let the witness complete his answer before you start on another question. I want to make sure that he has full opportunity to complete his answers.

Mr. JUTRAS: Would the witness speak a little louder, please?

Mr. STICK: We cannot hear the witness at this end of the room.

The WITNESS: You will see that I have just dealt generally with the advantages of alternative No. 2 there.

By Mr. McIlraith:

Q. May I interject. I notice a subheading in your alternative No. 2: the second subheading stresses that angle of career possibilities.—A. That is what I was emphasizing before, that if you have career possibilities it seems to me that it would make it far more attractive to good civilian men, who would come in when they can see that eventually if they do well and go up through the ranks they will find themselves on a parallel with the second man under the Quartermaster General, or someone like that at Ottawa.

Q. Before I pursue the four alternatives more thoroughly, there is just one other point I want to clarify. Is the location of these camps any detriment in getting qualified civilian personnel to staff them? Is that a factor at all, or can that be compensated by pay and other provisions?—A. I did not notice that, but I can only give my experience in commercial life that in outlying plants, such as lumber mills, pulp and paper companies and mines, I think generally they have to offer higher wages to get people to go there, such as married people with children. It is difficult.

Q. Now, on the question of the delays you spoke of and the class of personnel hired through the Civil Service Commission. Do you care to elaborate, just as to methods of overcoming that delay in the procedures? It is a point that has concerned me a little in the years, as I think you will appreciate?—A. The only answer I can think of is "hurry up".

Q. I admit, Mr. Chairman, being a little more interested in that point than perhaps some are, but I found it a sort of a problem sometimes over the years. Now, as to the part of the staff who are not accountants and not storemen, who would be hired through the commission, have you any particular remarks to make about that civilian staff as, for instance, workmen and labourers, carpenters and so on, casual workmen?—A. No, I have not much to remark or add there because—again I am sort of thinking out loud—I feel I was more concerned with the organization that had to do with administration, accounting, protection of stores, but not performance. I did not look into the performance of the companies whether they did good jobs or not. That was not my purpose.

Q. I take it that the hiring of casual help is not the problem, but it is rather in the strengthening of the organization. Now, you state in subparagraph (2) of left hand column 1 on page 717, "Delays in obtaining approval and release of funds". Would you elaborate on that?—A. There are regulations that the government has in force and that the department has in force for the obtaining of permission to go ahead with projects. Now, as compared with a commercial undertaking, which in a very short time can on their own decision authorize work going ahead, the capacity of the army works services suffers because of the time it takes for approval to be given, on projects. They have to go to army headquarters for approval. I am not saying that it should not,

but it does, and others have to go for purchase to other departments, the purchasing department of the government, and generally these regulations do cause delays in efficient and rapid performance of particular jobs.

Q. Well, those regulations would be of a nature calculated to protect, to safeguard the spending of funds? I take it that the sentence there does not have reference to removing these regulations, but rather to speeding up the action to be taken in each case. Is that correctly stated?—A. Wherever possible I think one should always be looking at the organization to improve things, and if there are certain features in the procedure of obtaining these permissions that can be improved on I think it should be done, speeded up.

Q. Speeded up. I take it that it was improvement—speeding up—that was in your mind as opposed to the removal of the safeguards?—A. Yes. I was not thinking of removing the safeguards.

Q. Subparagraph (3): "Effect of government restriction in the use of day-labour and other restrictions in the method of purchasing and letting of contracts". Would you care to elaborate on that?—A. That is the same.

The CHAIRMAN: Mr. McIlraith, for the moment, if you have exhausted that, there are some other members who would like to ask questions directed to that chapter. Mr. Thomas.

Mr. FULTON: We find it rather difficult to hear what is being said at this end of the room.

By Mr. Thomas:

Q. With regard to the salary question under subheading (1). I wonder if Mr. Currie could give us, say, a proportionate picture of the salaries for these storekeepers as compared to casual labourers, such as truck drivers or workers like that. Do they get a much higher wage rate than the casual labourer?—A. I would have to look that up.

Q. I just wanted an estimate in figures or in proportion.—A. I have in my notes here a comparison between storemen and labourers.

Mr. DICKEY: Mr. Chairman, that is a very good point, but perhaps we could go along while that information is being looked up for Mr. Thomas.

The CHAIRMAN: Is that all for the moment, Mr. Thomas?

Mr. THOMAS: That is all for the moment.

By Mr. Dickey:

Q. Mr. Currie, in your report, page 716 of *Hansard*, second column, dealing with the handling of expenditures: in the first subheading, with which Mr. McIlraith dealt quite briefly, you refer to "the requisite maintenance program—a fixed commitment". Now, just what significance has the word "fixed" in that particular connection?—A. The fixed commitment as referred to there is that you have these buildings across Canada that have to be painted and repaired every year. That is something you have to look after.

Q. But does that have any reference to the volume of work involved?—A. It does when you have been putting up new camps and enlarging the way you have been doing in the army works services following the Korean war and of course the maintenance problem is bound to be greatly increased.

Q. In other words you are employing what were fixed first commitments continuing but of varying degrees of volume.—A. That is right. You have got to do it every year whether you like it or not, but the amounts will vary.

Q. So it is an actual commitment not a fixed commitment.—A. It is not fixed in dollars.

Q. Mr. Currie, Mr. McIlraith's questions were dealing in some detail with the wording on page 717 in the first column relating to civilian staff and military personnel. Now, I think I am correct in saying that you have statements of similar effect to the evidence that you have been giving in answer to Mr. McIlraith's questions in about three or four other places in your report. That is, that you have stressed the difficulties involved in getting competent or even adequate personnel and then three or four of your recommendations at least are based on that factual situation. Would I be correct in judging from that that you attach more importance to that aspect of the matter as far as the cause of the difficulties were concerned than anything else?—A. No, I would not necessarily say that. There are many other things too, but that was not all.

Q. Is there any other aspect of it that is repeated at least four times in your recommendations?—A. Maybe not.

Q. If remedies for that could be found would that be the principal cure?—A. If you want a general statement, an overall statement, I would say the cure is in control through good management and management involves direction, supervision, and control in other ways.

Q. But doesn't that all reduce itself to personnel, Mr. Currie?—A. Yes, if you take everything like that into account, but not just the individual difficulty of getting tradesmen and storemen.

Q. I was not directing my question to individual tradesmen and storemen but to personnel generally.—A. Well you are asking as to whether—could I have that question again, I have got away from it?

Q. Mr. Currie, I was just drawing to your attention that you deal with the general question of personnel and the difficulties of getting proper personnel in all grades both civilian and military, that is where I began my question. So far as I can see from careful reading of your report often you deal with that more than anything else and I take it from your answer just now that pretty well everything you had in mind seems to depend upon personnel and I drew from that that you regard that as one of the main causes of the difficulties and presumably the solving of these personnel difficulties would be one of the main cures. Is that generally correct?—A. I would ask you to look at page 715. I say there: "My investigations of the problems, difficulties and shortcomings of the army works services outlined above suggest that they have been caused for the most part—but by no means altogether—by the tremendous and sudden expansion of its activities brought about by the Korean war and by the large scale defence program involved in carrying out NATO activities."

So, there is more than just personnel. The best man in the world could not have handled, I don't think, the tremendous job that this army works services and army had to do.

Q. I am sorry Mr. Currie, I think I see your difficulties. You are of the impression that I am referring to the entire personnel to the people actually in the works services. If so that is not what I mean. I meant the problem of getting personnel. I was not intending to reflect upon the people actually there but the general problem of staffing the operation of this action and getting the right people. Have I not made myself clear?—A. It is the absolute solution—good management.

Q. I am sorry, I can see where we were at cross purposes. With Mr. McIlraith I was interested not only in reading this particular portion of the report but also your answers and I was wondering if your suggestion is—if it would not be fair to say—that certain portions of this operation should be taken out of the Civil Service Commission, that is the staffing of it. Would that be your suggestion?—A. I did not think of that. I would like to study that some more. I did not think of taking it entirely out of the civil service.

Q. You have laid a great deal of stress upon the delays and difficulties and that either means that you have got to strengthen the procedure in the commission, something over which the department has no direct control, or get authority to get them out from under the commission.—A. I was also aware of another alternative there. I did have in mind this, that perhaps this army works services operation should be taken out and put in charge of a government corporation like some of these others that perform like the Central Mortgage. If you had that you would get the employment of your personnel out of the civil service, but I have never had in my mind that the civil service should be bypassed at all. I think you could perhaps improve the service the army gets from the civil service.

Q. Did your investigations indicate any ways in which that could be done? —A. I think the chief thing is in salaries and putting on your establishment the various slots where you have people employed and paying salaries that will attract the people you need.

Q. In that connection on page 718 of your report in the first column—it is one of the portions to which I referred generally a moment ago—you say changes usually occur on a piece-meal basis and normally involve fruitless disputes with the Civil Service Commission and establishment committees. Did your investigations in that department indicate that these fruitless disputes had gone on?—A. I was told that, yes. Discussing it, that was one of the reasons given.

Q. You were satisfied?—A. I was satisfied. It was repeated so often I was satisfied it must be true.

Q. Would that indicate the department had been making pretty rigorous efforts to get the people they wanted?—A. I suppose it would.

By Mr. Jutras:

Q. We have been discussing so far the application of the system. Possibly it would be helpful if you gave us your opinion of the system which is in operation in the army and which, I believe, was brought into being in 1949.—A. I think the system is a good one. I think if it is properly operated it can be very effective.

Q. Our problem then in your estimation is one of the implementation of that system?—A. It is.

Q. I see on page 718 you gave four alternatives for the implementation of that system. By the way, are these alternatives by order of preference? —A. No, I think you will find on page 719 I discuss that in the paragraph on the left of page 719 at the bottom. "In assigning the possibilities of these various alternatives, short-term considerations and long-term considerations play a part. Precedent exists for alternative number 2 in the United Kingdom and the United States where army works services are largely civilian in structure. Alternatives 3 and 4 represent radically different structures and their introduction at this stage of expansion might create harmful confusion. It would, therefore, appear advisable to adopt alternative number 1 at the moment and gradually develop the organization along lines suggested under alternative number 2."

Q. Then I suppose there could be also a combination, for instance of 1 and 2. For instance, I am thinking of the memorandum of the chief auditor which was made sometime I believe in February, 1952. I take it his recommendations in the main were more or less your own alternative one but also in a way part of alternative 2. For instance, let me illustrate my thought. He, for instance, pointed out that at that time there were 95 officer positions vacant and his recommendation was that possibly some of these positions could be filled by civilians. That is not what you had in mind in alternative 1

subsection 6, the freeing of top personnel from detailed administrative duties?—A. That refers to alternative 1, "freeing top personnel from administrative duties to enable them to make uninhibited inspections down the line so that they can initiate remedial action through the machinery created in 4 above".

Q. I suppose it would be a combination of the two?—A. Getting more staff to allow them to do that.

Q. Do you mean service staff or both?—A. Yes, it would depend on the jobs of course. In alternative 1 they have a combination of both.

Q. Have you any idea how many of these 95 positions could be filled by civilians?

The CHAIRMAN: Speak up for the record.

The WITNESS: I don't know.

By Mr. Jutras:

Q. With respect to the establishment of a civilian inspection staff for internal audit and inspection—how does that fit in with your recommendations?—A. Well, I have that, the inspection teams.

Q. And that would be where?—A. On page 723, I think it is, at the bottom of the page on the right: "Administrative Service Teams"; that deals with a similar organization which would be in addition to the audit teams.

Q. And those administrative service teams could be either civilian or army? What did you have in mind?—A. It would have to be a combination, because they have to deal with both the army and civilians, if alternative one is continued.

Q. It would be a combination of the two?—A. Yes.

Q. Then, in alternative one, number one: "Re-organizing the service at army headquarters and other levels so that it is more appropriate for its vast managerial responsibilities". I take it that in pages 17 to 19, part three, there is a detail of one? In other words, you recommend the reorganization of the service. Do I understand that this, as far as army headquarters is concerned, has pretty well been done at the present time?—A. They were busy at it when we were there, but that was a little while ago.

Q. In other words?—A. Could I have that reference again, please?

Q. It is pages 719 and 720. At the top of the page, in the left hand corner of 720, you list the new organization as set up. I ask you if this new organization meets your requirements on page 719?—A. I think that should be a tremendous improvement.

Q. So far as this new organization is concerned, you are satisfied?—A. Yes.

Q. As you say, we go one step further; and with respect to these works companies, I take it there has also been a new organization in the army?—A. Yes.

Q. Which pretty well meets your requirements there too, but for one exception, the estimator?—A. With one exception, that of the estimator.

Q. Would this estimator, in your opinion, be civilian or service personnel?—A. I do not think it would make a great deal of difference; it could be civilian, but under the present organization I think it would be better to have it military.

Q. You mean under the new organization?—A. The one they are working at now.

Q. You think it would be better to have it military?—A. That is right.

Q. I take it that in such a position the qualifications of the man would be the prime factor. In other words, there would not be much point in having an estimator for the whole works unless he were really a top man.—A. A competent man; "top man" is perhaps going too far; but a trained estimator who knows how to calculate the cost of doing a particular job.

Q. Possibly we might get a better estimation of the importance of the man; would you have any idea? Suppose he were a civilian; what would be the salary bracket which such a position would require, in order to have any chance of success in getting a man? That would give us a better estimation, perhaps, than to recite his responsibilities?—A. I would suppose that in a contracting firm which does, let us say, \$15 million worth of work, they would have an estimator at \$5,000 or \$6,000, for a man of the calibre that is required there.

The CHAIRMAN: We pay members of parliament that much. Now, Mr. Wright.

Mr. WRIGHT: In your opinion, Mr. Currie—

The CHAIRMAN: Just one minute, if you please, Mr. Wright. Gentlemen, we have a bad habit of giving the witness part of a sentence and then dropping our voices and then asking another question before the witness has been able to answer the first one. So would you please take your time. Please make sure that the witness gets the full impact of your question. Now, Mr. Wright, if you please.

Mr. WRIGHT: Mr. Currie, in your opinion, would it be possible to obtain the best man from civilian life, in this works services branch, unless his duties were clearly defined for him, when he was given any responsibility in the branch?

The CHAIRMAN: That is what he said.

The WITNESS: I think I have covered that in my report at page 717 at the bottom on the right, where I said:

To make an organization effective it is important to develop personnel. Plans in this respect normally include:

1. Selection of candidates for training.
2. Training to meet job requirements.
3. Systematic and gradual development through selected positions of responsibility.
4. Control over appointments to key positions.
5. Clear-cut assignment of responsibility for carrying out the program.

It includes the clear-cut direction of duties which a man would perform.

Q. I take it that the recommendations just read are recommendations which would apply to the present set-up in the training of army personnel for positions in the establishment as it is set up at the present time. But that would not be the case, or these recommendations would not be necessary if we adopted your alternative No. 2, in setting up an independent works office where your personnel would be hired directly from civilian life, rather than trained for the position in the army?—A. They have to get the training somewhere, of course. In civilian life, you hire a key man. Let us say he is an estimator; he has a staff of four or five, and these men are trained on the job. While he may be an engineer, it often turns out that the men who are on the job and under good supervision and training, thus become estimators; so it does not need a course of training for them necessarily. I do not think I have quite answered your question.

Q. No, but part of it. What I am trying to get at is this: It seems to me, from a reading of the report, that the difficulty in obtaining efficient civilian personnel appears to be, that when they come into the army works services, they are then subject to military control in a way which detracts from their efficiency.—A. I think there is, perhaps, a little more to it than that, in that

they see no career possibilities. They are in there for a job, be it a clerk or something like that; but they see no career possibilities, and it is not very encouraging unless they can see some channel for advancement. They merely work on the job, and in a military organization, with men who are brought in like that, they see that their seniors are officers, and that there is no chance of getting their jobs.

Q. Therefore it would be more difficult to obtain a trained and efficient civilian personnel under alternative No. 1 than it would be under alternative No. 2. Is that a correct assumption?—A. I suppose that is right; it must be true.

Q. I have been very much taken with alternative No. 2, and the reason for that alternative. In your opinion, could alternative No. 2 be put into effect within a reasonable period of time?—A. I think so; I think you can; and in any organization, good management is always improving it; and if good management sees that alternative No. 2 is better, then it is a matter, without disrupting the work of the organization, of slipping over and into the other, step by step. I think that can be done. Surely it can.

The CHAIRMAN: Are there any further questions? Mr. Hunter?

Mr. HUNTER: Mr. Chairman, may I ask a few questions? In alternative No. 2, is that an alternative which would be purely domestic?

The CHAIRMAN: He cannot hear you, Mr. Hunter.

By Mr. Hunter:

Q. I said, in alternative No. 2, is that an alternative which would be purely domestic, to be used within Canada?—A. Yes.

Q. By training these civilians, would you be placing the organization in a position that, when you went outside Canada, you would lack trained army or military personnel to carry on similar jobs?—A. The army works services, in view of its being a permanent local organization in Canada, there is no reason why, in alternative No. 2, army personnel would not be attached to learn and to get experience with the army works services so that they can go back to their field offices and military organizations with this experience behind them. No doubt the army endeavours to build a structure such as the army works services, to do their repairs, but that experience need not necessarily be lost in alternative No. 2.

Q. Thank you.

The CHAIRMAN: I have never known the members to be so quiet, and I have been on committees for a long time.

Mr. McILRAITH: I have some more questions, Mr. Chairman, but I did not want to take up all the time.

Mr. THOMAS: Mr. Chairman, I wonder if Mr. Currie has an answer to my question?

The CHAIRMAN: Oh, yes; just a minute.

The WITNESS: Well, this is from our notes, in investigating this thing, and in putting down facts to have a look at. Salary scales for a clerk of this grade, that is a clerk who would be capable of being an engineering clerk accountant, should range between \$1,690 per annum and \$2,240; and we feel that you cannot attract them unless you pay \$2,770 up to \$3,100.

By Mr. Thomas:

Q. These last figures are average civilian wages?—A. Yes; we have thought they might attract that type of clerk. But \$1,690 to attract a man to go and work in a fairly important job seems pretty small.

Q. Do you have the figure at hand for casual labour, for example, at the same place, that would be the annual wage?—A. Yes; they go by local rates, but I have not got them.

Q. They would be considerably more than that, would they not?—A. Yes, and that is one of the difficulties, the fact that casual labour gets more than the fellow who has got to use his brains. That is the point.

Q. That is all I wanted to know.

Mr. McILRAITH: You have dealt with increases in pay. Increases in pay with career possibilities would attract a better type of person, the type of person you feel should be there?

The WITNESS: I think that career possibility is a matter of very great importance.

Mr. BENIDICKSON: Could you say whether, at Camp Petawawa, this establishment of personnel was getting a fair break in so far as housing is concerned, for that type of personnel?

The WITNESS: I did not get to that at all.

By Mr. Herridge:

Q. On page 719 under the paragraph "organization" you say in the case of the army works services the major obstacles have been poor organization, lack of control and of sufficient technical personnel. You dealt somewhat with sufficient technical personnel. Could you give us some idea what you mean by poor organization and lack of control?—A. I think that poor organization—that is not a good answer—but it is an answer—the answer is that they had to change it and they have made substantial changes in the organization because the organization of the army works services was obsolete and under Army Headquarters the old organization was cumbersome. As I explained in my report some were overwhelmed with work and had too much responsibility to attend to. Does that answer it?

Q. With reference to lack of control?—A. It stems from the same thing. There is lack of effectively enforcing the control regulations. Now, the army works services has a book of regulations and they have laid down there very specifically how everything is done, but that requires policing, I mean policing in the shape of the control by those in authority, and unless that is done as I say it is an obstacle to efficient work, unless the control is effectively carried out and the regulations are obeyed.

Q. The regulations were not obeyed in some cases?—A. No, they were not obeyed.

By Mr. Dickey:

Q. Mr. Currie, how does that fit in with limiting factors, page 717, saying that these things were things that hampered the works services, these controls and checks and balances to protect expenditures. Surely we can't have it both ways?—A. This is an entirely different matter. This is how the various people in the organization should do their jobs. I am dealing in limiting factors as to what prevents the army works services from doing perhaps as expeditious work as they would perhaps be able to do were these controls not in effect. But the controls I refer to now are the controls within the army works services. They have controls with respect to administration, with respect to handling of stores and accounting.

Q. Could you give us some example. We are using the same word "control" in both senses and I am confused. I don't fully see the distinction.—A. Perhaps I could give a simple example. Take control of the inventories. It is all very well to be able to take an inventory and say that inventory is there, what should be there is the question.

Now, the control to find out what should be there is in your financing and accounting department which has in some form the records of what was delivered to your stores, the inventory, and what was issued. Now that control was lacking.

Q. I agree, but I certainly took Mr. Wright's question to be in the field of personnel and the arrangements for control between the military personnel and civil personnel and also in command circles and that is where my confusion arose.—A. I am afraid I am at cross-purposes again. I don't quite understand the question.

Q. You lump together organization and control as I understood it?—A. The organization set-up provides for a control.

Q. Well now as I understand it these controls that you have in mind are in two different fields. There is the control of expenditures and that sort of thing and which you say hampers and delays the works services, but you have no particular objection to them. You think they are perhaps necessary. Is that correct?—A. Yes, that is correct.

Q. And then there are other controls?—A. I think I can explain them now. We might call these other controls rules; rules of behaviour and conduct, the specific jobs various men have to do within the organization, perhaps we might call them rules rather than control.

Q. I think that will perhaps clear up the difficulty a bit. And would I be correct in saying then, Mr. Currie, that on page 720 where you deal with works companies and you generalize on these certain fields of management well recognized in civilian corporations, is that really an expansion of what you mean by the controls under item 3, page 719; is that the rules under which a works company command, should work?—A. No, I did not really have that in mind. I did not tie in the two. The accounting system has certain rules as to how things are to be done, what records are to be kept, and those rules must be obeyed, and if any one particular part of it falls down you do not get the results you expect. These are management principles. For instance that is how a business should carry on, how the management should carry on in directing the enforcement of these rules.

Q. These are how the individual should conduct himself?—A. Yes, he must be perfectly qualified. His key personnel are essential. He must delegate effectively. It is his method of carrying on personnel conduct and how he is going to carry on.

Q. The main factor is, once again, personnel, getting the right person in the right job?—A. It is usually the solution for everything in management. Get a good manager and your troubles are over.

Q. I see you have seven headings under works companies. Would it be fair to suggest there might be an eighth—honesty?—A. I thought it was implied.

By Mr. Stick:

Q. Mr. Currie, I do not want to dive into the particular recommendations that you have made but I am concerned with the cost, and I think this morning you have given us an indication that to get the right men you have to pay them?—A. Yes.

Q. But in all your recommendations which you have made here in your report did you estimate what that would cost extra?—A. Oh, no—no, no. But I

go on the principle, as far as organization is concerned, that a good man with experience in business, a good man can more than save his extra pay.

Q. I take it from the evidence you have given us that it would cost extra if you got these right men in the right places and paid them the correct salary; it would perhaps cost more than at the present time?—A. I do not say that as a general statement. It would cost more for the key men, there is no doubt about that. You would have to pay the key men more than now.

Q. You mentioned security there. You did investigate Camp Petawawa pretty thoroughly I understand?—A. Yes.

Q. What would be the cost if you had the proper security at Camp Petawawa such as the extra guards and extra personnel to guard stores and things like that? Did you figure out the extra cost if we had the proper security?—A. I did not figure it out, but one of the things I noticed in the press was the large cost of fences. But really there are adjustments which can be made which can improve things. Just a matter of moving the gate. And then it will not be necessary for all these civilians to go through the camp.

Q. You would need guards at the gates?—A. There are now.

Q. Did you have any idea what the extra cost would be to give proper security at Petawawa and other camps?—A. No, I didn't go into that at all.

By Mr. Dickey:

Q. Would not that be a factor to consider?—A. I don't believe any commercial undertaking would allow conditions to exist as they are without guards.

By Mr. Stick:

Q. No matter what it costs?—A. I should not say no matter what it costs, but reasonable salaries. You will not find a commercial undertaking which has upwards of three-quarters of a million dollars of inventory not looking after and protecting it effectively.

Q. Would you say the value of the stores would call for extra security and that would mean extra cost if you are going to guard them properly, generally speaking?—A. Except for this. If those guards were properly trained and had a proper idea of documentation and what to do with vehicles going in and out. In many cases you do not need extra men at all, you just need supervision.

Q. Then would you say that the guards who were there were sufficient to carry out the security desired?—A. No, I am not prepared to say that.

Q. Well you say one thing one minute and one thing another.

The CHAIRMAN: No, no. Gentlemen, you asked Mr. Currie the question and I don't think it is fair to comment on his evidence. He is giving it to the best of his ability.

Any more questions, gentlemen?

By Mr. Thomas:

Q. Mr. Currie said the system of accounting that is set up now is very good. It is a matter of enforcement of that system. Is that correct?—A. The system of accounting as laid down is a good system. If it is properly applied it should work.

Q. Where then is the breakdown in the system at the present time? Is it a breakdown locally or lack of supervision from higher up or is it again a breakdown all down the line?—A. I was looking into—as I emphasized in the beginning—conditions as they existed from time to time and in Camp Petawawa the system was broken down I would say almost in all phases. You can see by the results, what happened.

By Mr. Jutras:

Q. You mean the implementation of the system has broken down, not the system itself?—A. The actual making the system work—it did not work.

Q. You just made the statement that one of the—I would not say obvious—main ways of getting out of the difficulty would be to pay more money for key men. I can understand the import of that with regard to civilian employees, but it seems to me that the problem is not that simple with regard to army personnel. I don't think it would be a factor there, would it?—A. Well, that leads me into another line of thought that I have had, that I do not think that army works services is attractive to military personnel and I think it should be really worked over into civilian as rapidly as possible, and you are just suggesting one of the reasons, that army personnel—and this is from talking to them—do not appreciate this type of service. These young officers do not appreciate being stuck in an organization that is essentially civilian in their duties when they want to be soldiers. These boys are asked to superintend maintenance of buildings and do all sorts of things of that kind. It is true it is for a short time, but that is one of the drawbacks you have, if you post them for a short time they are in and gone and the work is not efficiently run. You have to have someone there all the time.

Q. For instance, would a higher establishment, not necessarily in number but in grade, help the situation along? I mean such as rating the establishment one grade higher?—A. You can see in the new establishment it provides for civilians in some of the key positions, and that is a good thing.

Mr. THOMAS: Is not the trend in the opposite direction, replacing civilian personnel with army personnel in these posts rather than replacing military personnel with civilian personnel, that is, up to the present time?

The WITNESS: I would not say so in the army works services. I did not compare them.

By Mr. Jutras:

Q. Is there a possibility of replacing army personnel by civilians and still create this incentive of careers for the civilians?—A. I would think they would have the feeling that it was a permanent civilian job and that there was a senior job to do in the next higher formation that they might be permitted to aspire to and you would have something then to encourage them.

Q. Yes, I know it would be desirable from his point of view, but I mean is it physically possible in the organization, for instance, to make, to create the atmosphere, the possibility of a career for the civilian? In other words, could he be made to move up and take the positions that are occupied by army personnel?—A. I cannot—

By the Chairman:

Q. Just following that, Mr. Currie, you told us that in the United States and in the United Kingdom they do have parallel civilian organizations.—A. I understand so. I have read of them.

Q. And do they make provision, as Mr. Jutras suggests, for improved positions and career positions in the United Kingdom and the United States?—A. I do not know for a fact because I have not gone into that much detail, but figures such as these were given to me, that 95 per cent of the personnel in similar organizations in the United Kingdom are civilians.

By Mr. Cavers:

Q. Colonel Currie, would it be your suggestion that on the civilian side of the works administration there should be positions on the civilian side that would correspond to ranks on the military side, and so on, and thus

have a graduated scale of officials on the civilian side as on the military side so they could move up from the lower ranks?—A. Yes, that was in my mind, but they would not be ranks, they would be gradings.

Q. Yes, I should distinguish one as a position rather than a rank. Would you suggest, then, that the pay to be paid to the civilian personnel would be similar to the pay that is paid to army personnel on the other side?—A. I would doubt if you would get them for that price.

Q. Just following that up, then do you think there would be certain jealousy between the people on the civilian side getting a higher salary than the men on the military side?—A. Well, there might be, but you have it existing today in the army.

The CHAIRMAN: Just one minute. Let him finish his answer.

The WITNESS: You have it in existence today in the army. You have army officers at headquarters who really are bossing civilians, engineers and people like that, who are getting much more in salary than the officers are getting.

By Mr. Cavers:

Q. It would be pretty hard to avoid that situation?—A. It would be pretty hard.

Q. You would run into this situation, too, that you would be creating jealousies between departments, that people in one civilian department were receiving higher salaries than those in another department?—A. I do not think that would follow. A certain position in the Department of Public Works would be the same and they could be switched. I can visualize the army has to be elastic up and down. You have an engineer in the army you could well get rid of and probably Public Works could take him on in the same grade—interchangeable as it were.

Q. From the standpoint of the pension administration, do you think that would be feasible?—A. I would think so; I am not familiar with the pension regulations, but I don't think it is a difficulty that cannot be overcome.

Q. When you undertook your investigation, Mr. Currie, there was already evidence that there was something wrong in the department, is that correct?—A. Yes.

Q. Then in your prepared statement that you have made here today, on page 2 you say: "I ascertained early in my investigation that the Department of National Defence had already commenced to take active steps to improve conditions and that the results were becoming evident in varying degrees in the various commands." When you commenced your investigation, how did you find that the Department of National Defence had commenced to improve the conditions as they had formerly existed?—A. One thing was that they had organized the taking of inventory in every army works service across Canada. They had organized inventory teams to take these inventories and they were busy on them and they were busy straightening out the records.

Q. Were these inventory teams being sent from camp to camp, or from establishment to establishment?—A. Yes, they were.

The CHAIRMAN: From what, Mr. Currie?

The WITNESS: They would finish one and go off to another, from camp to camp or detachment to detachment. That is what you mean, is it not?

By Mr. Cavers:

Q. And how had they gotten along while you were conducting your investigation?—A. They were doing very well, but it is quite a big job.

Q. And how long would you say it would take for the teams to cover the whole administration of the works department?—A. February of 1953 they expected to finish.

Q. And you said in your report also this morning that results were becoming evident in varying degrees in the various commands. What do you mean by varying degrees?—A. Well, we will take Petawawa. They were further ahead in the taking of inventory and straightening out of accounts there. Others they had not touched yet and they are not finished yet.

Q. And that would be understandable in view of the size of the job that had to be done?—A. Yes; the Western Command had taken early action.

By Mr. Larson:

Q. I haven't had any army experience in these things, but I did have certain personnel experience in the air force and there seemed to be a lot of resentment among operational people coming back and wanting jobs with rank in a peacetime air force for which they were totally unqualified. Now, would it not cause a lot of friction if you sent operational people out and allowed people who were expert in a certain job to retain their jobs with rank? In my opinion that is a matter of morale. Would you comment on that?—A. It might, I suppose, just as you say, but I would draw attention to this fact that the work is so much a civilian operation that perhaps it would not apply to such an extent in that particular service as it would in the situation you have visualized.

Q. Now, if you do gradually revert to civilians, you have to draw these personnel through the Civil Service Commission, and in a rapidly mushrooming situation as we have today can the Civil Service Commission provide this personnel fast enough and at the proper wage scales existing at the time?—A. I am afraid I am not in a position to say.

The CHAIRMAN: Mr. Larson, before you came in Mr. Currie suggested that perhaps for this works organization there might be a Crown company similar to the Central Mortgage and Housing Corporation. They are able to take on personnel pretty well as they need them. He suggested that.

The WITNESS: Yes.

By Mr. Larson:

Q. Going back to security, is it commercial practice that there is a point of diminishing returns where costs of providing security are more expensive than the actual loss of whatever material is likely to be lost?—A. There is also a diminishing quantity, but when you get down to low inventories it is easier to lock them up than to provide physical protection for them, or it may be that the business is not active enough to justify a man on the gate all the time, for instance, or to provide a man in the warehouse. The material can be locked up and others perform the duties when necessary. I think the law of diminishing returns can work the other way too, and reduce your cost.

By Mr. Decore:

Q. Going back to the statement you made earlier this morning, where you stated that you ascertained early in your investigation that the Department of National Defence had already commenced to take active steps to improve conditions. Now, in addition to the taking of inventory, were there any other steps taken by the department to improve conditions? You have already spoken about taking inventories.—A. Well, the taking of inventories also involved the straightening out of accounts in regard to the inventory. That was being done. And the security was vastly improved, too.

Q. Would you elaborate on that, too, how security was vastly improved, as you put it?—A. Well, according to my investigation at Petawawa there was not a fence around the compound before the beginning of 1952, and there were stores lying in the open. It was easy to get stores in and out. They were not properly controlled at the gates. Almost any little bit of paper could take you through so that the security was tightened up as it should be.

There were fences put around the compound, the stores were re-arranged, they were binned, put in proper bins and sorted out and the cards made for them the way they are made up on a commercial undertaking.

Q. Any other active steps?—A. Improvements in accounting generally.

Q. And how long did you continue your investigation?—A. About the beginning of November sometime I ceased being active in the field.

Q. And so these active steps were being taken all through this investigation by the Department of National Defence?—A. We were running across it everywhere but in certain cases they had not started until after we went in.

By Mr. McIlraith:

Q. Just one or two questions. About the steel. I take it from your report most of these deficiencies and the difficulties were in 1950-51 after the Korean war, with the sudden expansion, and that is when the thefts occurred and the irregularities. Now, at that time, you spoke about a fence around an area at Camp Petawawa. During that whole period of course there was a steel shortage that was rather bad as far as wire rod was concerned. I take it you would not have occasion to go into whether or not steel was available during that period in the phase of the expansion and the sudden demand.—A. I did not examine that at all.

Q. Reverting to my earlier line of questioning. We were talking about the administrative system. I take it that the system was relatively good. We had come down to the point of the management or the administration within the system and then we had gotten off on civilian personnel. I wanted to follow that line of questioning further on the personnel generally. We were just about at the end of my questioning when we were dealing with civilian personnel and the commission was hiring them and I made reference to the accountants and storekeepers and storemen. You spoke of the delays and difficulties. I take it that you would not in the course of your work have occasion to examine the details of the delays within the commission in procuring personnel?—A. No I did not go into that at all.

Q. No, so far as you would be concerned it may well be that the remedy in procurement of personnel, apart from pay and classification about which you have spoken, might well lie in some changes and improvements in the procedures within the commission?—A. It might certainly. I did not go into it at all.

Q. No, I wanted to tidy up that point. I take it we might leave it that there were three points about personnel. One was the pay and classification, these two points, and then the other was the procedures for procuring men more quickly after it was obvious they were required.

Now, dealing with the military personnel. There is one point bothering me. I take it in the course of this investigation you would have to work with the personnel at Camp Petawawa and other army works services units rather closely and would have the opportunity of observing them and discussing with them. There is one thing bothering me and that is in this work which is, as you have said, in Canada at least essentially civilian work. It might come under the command of an army officer. In the promotion of these officers you would have no way of knowing whether the main considerations were those of their value as operating officers in the field and their record in that connection, or whether their administrative ability on this essentially civilian work was the main criterion.—A. No, what I think I say in my report is that it should be administrative, that they should have qualifications for administration if it is going to be successful.

Q. If the administration is going to be successful?—A. Yes.

Q. I take it in your report that you are not assuming to say particular officers were not properly promoted, but rather you are limiting yourself to

this civilian work which is civilian in its nature.—A. Yes, I was looking entirely at the performance of the people with a job that had to be done on the army works services and the qualifications and requirements of the man to do that job.

Q. No commands were made having regard to the job that army works services officers might have to do in wartime in the field of operation.—A. Well as I said before there are features of the experience of an army officer in the army works services that would be valuable to him in wartime and his experience there would certainly not be lost, but in view of the fact that one of the main facts is that there are changes so often and re-posting and therefore I think they should be attached for that training and the man in charge of that training should be a civilian permanently there.

Q. What I am seeking to do—and this point troubles me a good deal, for I am not certain whether the remedy is to take them for this civilian work out of army personnel or not, but I have a feeling we might have in that service splendid officers from the point of view of their ability and training in the operational theatres of war who just simply should not be in command of operational administration in peace time in Canada—A. I can subscribe to the fact that there are splendid officers and very good officers working in the army works services.

Q. But there are still weaknesses?—A. Yes, there are weaknesses.

Q. I am quite interested in this personnel end of it. Have you any more comment you would care to add about civilian personnel and the procurement and management of them once they are procured?—A. I am thinking of the place in my report where I refer to a personnel manager in a commercial undertaking where they have a number of civilian employees such as you have in the army works services. Almost invariably there is a personnel manager and if he was there I think he could help in advising the civil service of the type of man that was needed. He is there and he studies the job. I have given you there the duties of an army personnel manager and I think he could be very helpful.

Q. I think you will find that on page 717, left hand side?—A. Yes, he is more familiar. I think he should be more familiar with what is required than the Civil Service Commission could be.

Q. I just want to pursue that thought. I take it that that might involve in the civilian side of the Department of National Defence a re-change, a strengthening of that aspect of their work. You would be familiar with that sort of thing when you were deputy minister I take it?—A. Yes.

Q. Now, have you looked into the classification and assessment and so on of the personnel officers and related administrative officers in the department at headquarters?—A. Not since I have been in it.

Q. Would it be fair comment to say that that would be a phase we might profitably have examined?—A. Exactly, I think that is very much so.

By the Chairman:

Q. Mr. Currie, it just occurs to me that we first got the estimator and now we are getting down to personnel manager. My knowledge of personnel managers is slight. They are qualified and capable people. What do you think would be the salary range for a personnel manager to do this task? What have you in mind?—A. The army works services is not a big organization. A large organization employing thousands of men has vice-presidents getting salaries of \$10,000 or so but I would think you would have to line it up with some civilian job which I think would be \$4,000 or \$5,000.

Mr. BENEDICKSON: For the employment of how many men?

The CHAIRMAN: He did not say how many men. He fixed a salary range.

Mr. BENIDICKSON: He said it was not very big.

The CHAIRMAN: No, he said that when they hire thousands usually there is a salary of \$10,000. This would be smaller—\$4,000 or \$5,000.

Mr. BENIDICKSON: I think we had figures in the House that the present works services personnel amounts to over 6,000. That is on page 941 of *Hansard*.

By Mr. McIlraith:

Q. I take it then that you would not in the course of this investigation have occasion to examine just what should be done with that part of the administration in the national defence headquarters?—A. No, I did not.

Q. Personnel officers or anything?—A. No, I did not go into that part.

The CHAIRMAN: Mr. Hunter has the first question.

By Mr. Hunter:

Q. There is a principle I was interested in, in the guaranty of permanency or promotional opportunity of the civilian personnel in the army works services. Doesn't this automatically involve acceptance of a belief in continued high international tension during the working lifetime of such civilian personnel.—A. I think it does. I have had that in mind. It looks as though we were in for a fairly permanent national defence program, and as soon as we catch up to it and with world conditions the way they are, this country is faced with a permanent policy of defence which is much bigger than was visualized some time ago.

Q. That means then that the government must be firmly convinced that this is so before they could accept your recommendation on that score. Would you admit that?—A. You have got at least a couple of years to go yet, and you should re-organize within that time.

Q. How can you guarantee the permanency of your program to people, if there is nothing permanent about it?—A. I do not know. Perhaps the Civil Service could answer it; but surely they can assist us so that they will be graded and transferable somewhere else, to another department.

The CHAIRMAN: It is at the end of my tongue to ask you if you ever got a transfer through?

The WITNESS: Yes, I have.

Mr. MCILRAITH: He took them from all the departments, if I remember correctly.

Mr. DICKEY: He was on the taking end, not the giving.

Mr. APPLEWHAITE: I would like to refer to two sentences, one near the bottom of page 717 under "Need for Re-organization", paragraph 3:

"3. Re-organizations approved by the Civil Service Commission and establishment committees have not been realistic and reflect a lack of understanding of army works services problems."

Mr. MCILRAITH: Where is that?

By Mr. Applewhaite:

Q. It is on page 717 in the lower right hand portion of the page; and again, near the top of page 718 where I read:

"Changes usually occur on a piece-meal basis and normally involve fruitless disputes with the Civil Service Commission and establishment committees."

My question is this: Did you find, as a fact in your inquiry, that the position and powers of the Civil Service, in our over-all set-up, had adversely affected the efficiency of this particular service?—A. Let us go to the first point to which you drew attention “. . . not been realistic . . .” Take the case of the army works services detachment where the Civil Service would not include a storeman. That is not realistic. There should be a storeman.

Q. And it was the Civil Service Commission which decided there would not be?—A. The army tried to get these various people in but they could not get them.

Q. On page 718, in alternative No. 1, paragraph 2, I read:

“2. Improving the calibre of civilian personnel (at least in key positions) by revising salary scales and more efficient selection methods.”

Would that not involve action by, or approval by the Civil Service Commission?—A. I presume so, yes.

Q. I wonder if this is a fair question. You suggested four alternatives. Would the putting into force of either alternative No. 2 or alternative No. 3 involve a change in the present attitude of the Civil Service Commission?—A. That is a very difficult question because I do not know what their attitude is. I know the results, but you may find that the results are caused by not having proper advocacy of the thing; it might be the fault of the army not putting it up correctly, in not convincing the Civil Service that it is needed. I do not know how to answer.

Q. Would the satisfactory implementation of either alternative No. 2 or alternative No. 3 require the consent and favourable approval of the Civil Service Commission?—A. I believe it would, yes.

Q. With regard to the quotation from the middle of page 721 in the second column:

“The acquisition of suitable personnel has been hampered by slowness on the part of establishment committees in revising establishments, and the slowness on the part of the Civil Service Commission in supplying personnel. Usually this latter delay is aggravated by unrealistic salary scales.”

Would it be an unfair paraphrasing of that to say that the efficiency of this service has been hampered by the attitude and the delay of the Civil Service Commission?—A. And the establishment committees, both. Yes.

Q. Going back now to page 717, near the bottom, you are discussing making the organization effective; and you say that your plans normally include:

“3. Systematic and gradual development through selected positions of responsibility.”

That means promotion?—A. That means promotion.

Q. And it means increased responsibility and increased pay?—A. That is right.

Q. And would that involve the concurrence of the Civil Service?—A. I do not think you can move without the Civil Service Commission; but I suppose you should qualify that by saying that for certain key positions, I believe, the department can hire men and they are not civil servants, and do not necessarily go through the Civil Service Commission. I know they did it in wartime anyway, because I was in for a while, but I do not think I was a civil servant myself.

Mr. DICKEY: You are at a pretty high level now, are you not, sir?

Mr. APPLEWHITE: With respect to these positions to which you have referred—

The CHAIRMAN: Gentlemen, Mr. Currie is giving us the benefit of his knowledge. So will you please allow him to finish his answers. He was saying that during wartime you were able to do it.

The WITNESS: Yes. I was asking my associates here if they remembered. Yes. The department has been hiring architects and others on a consulting basis, and it gets them in, but not under the civil service, I think.

The CHAIRMAN: What you say is quite true; but is it or is it not a back door method?

Mr. McILRAITH: Just a minute!

Mr. APPLEWHAITE: With respect to Mr. Currie's answer, do those men to whom you have just referred qualify for the career permanency and the possibilities which you have suggested as desirable?

The WITNESS: No. They do not qualify.

Mr. DICKEY: Is not the question of hiring professional personnel handled in the same way that the government has to hire lawyers, and that sort of thing?

By Mr. Applewhaite:

Q. Is it a fair statement, Mr. Currie, to say that you came to the conclusion that too large a proportion of the present personnel of the army works services is military?—A. No, I would not like to subscribe to that. They have an organization at the present time under No. 1.

Q. Yes?—A. And that No. 1 calls for military personnel. I did suggest that perhaps they should change over but not under the present organization. I think they must have army personnel there.

Q. I wonder if we might now refer to the top of page 717, and to the second paragraph. It is not very long and I shall read it:

This situation has a parallel in civilian life in that the most important ability of the head of a small business is technical ability. As the size of the business increases, the importance of managerial ability increases and that of technical ability declines. In medium-sized businesses, the two tend to be of equal importance. The most important quality in the heads of a large organization is managerial ability, and, the larger the concern, the more important this becomes.

I want to ask Mr. Currie if he cares to comment on that with this idea in mind—and please correct me if I am wrong—that your suggestion was first, that the positions in the accounting and stores end and so on should be given to people with knowledge of those businesses, not necessarily either high class engineers or expert soldiers?—A. I think that is correct; what you are talking of is not managerial people; I am thinking more of the “bosses”, the head of the army works services?

Q. Yes?—A. And if you had a civilian head of army works services, I think it is a large undertaking and I think that his qualifications should be more managerial than technical.

Q. He would rely for his engineering ability on the engineers of his staff?—A. Exactly!

Q. In Mr. Currie's statement this morning, which has been quoted several times, at the bottom of page 2 he referred to certain things which are being carried on; and at page 728 of his report, in the first paragraph of part 4 he said:

The over-all situation is, however, by no means discouraging because of the fact that the cure for what has gone wrong in the past can be and, in fact, is being applied.

I now ask Mr. Currie if he has had any contact with the department as an auditor or an advisor since the date of his report?—A. No!

Q. Perhaps you cannot answer this question, but I think it is a fair question and an important one. Are there any of your major recommendations which you know of, which are not being implemented by the department and which in your opinion should be, immediately?—A. I do not see how I can answer that question; I have not gone through them, and I cannot say.

Mr. FLEMING: Mr. Chairman, we cannot hear over here!

Mr. APPLEWHAITE: Mr. Chairman, I wanted to ask two questions with reference to the handling of the report as a whole. They do not deal with parts 2, 3 or 4 specifically, so would I be in order in asking them, Mr. Chairman?

The CHAIRMAN: It is pretty difficult for me to say, without knowing the questions. As for the last question, we will, at a later time have the deputy minister on the stand, and he will be able to answer that question which you have asked of Mr. Currie.

Mr. APPLEWHAITE: No, you will not, Mr. Chairman, because it is the importance in Mr. Currie's mind that I was getting at.

The CHAIRMAN: Perhaps we will leave it to the importance in the minds of the committee then. Mr. Currie will be with us and have an opportunity to comment on it. I do not like to rule on a question when I do not know anything about it; but I have more members who want to follow that line of questioning. Do you mind?

Mr. APPLEWHAITE: No, go right ahead.

Mr. BOISVERT: Mr. Chairman, I have a few questions to ask, but since it is one o'clock I am willing to postpone them.

The CHAIRMAN: Gentlemen, it is now one o'clock; the meeting is now adjourned until next Thursday.

The meeting adjourned.

Canada—Defence Expenditure
Special Committee on, 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS

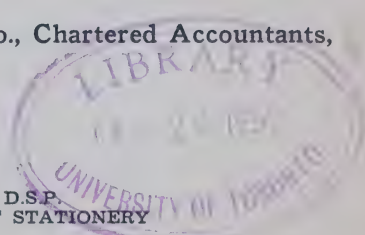
No. 3

THURSDAY, FEBRUARY 5, 1953

WITNESS:

Mr. George S. Currie of McDonald, Currie & Co., Chartered Accountants,
Montreal, P.Q.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953



MINUTES OF PROCEEDINGS

THURSDAY, February 5, 1953.

(4)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, Macdonnell (*Greenwood*) McIlraith, Pearkes, Power, Stick, Thomas, Wright. (26)

In attendance: Mr. George S. Currie, Chartered Accountant, Montreal, Quebec, Messrs. C. M. Drury, E. B. Armstrong and W. R. Wright and Brigadier W. J. Lawson, Department of National Defence.

The Chairman tabled answers to question put by Messrs. George, Jutras, Pearkes, Adamson, Fulton and Fleming on Thursday, January 29th.

Ordered,—That the above answers be printed as appendices (*see Appendices 1 to 10 inclusive to to-day's minutes of proceedings and evidence.*)

Mr. George S. Currie was recalled, further examined and retired.

The Committee suspended its proceedings for a brief period.

The Chairman expressed the Committee's appreciation to the witness.

At 12.35 o'clock, the Committee adjourned until Tuesday, February 10, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

NOTE: Page references to Currie Report are those of House of Commons *Hansard* of December 15, 1952.

EVIDENCE

FEBRUARY 5, 1953.

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum. We will follow the usual practice with respect to answers to questions. (For answers tabled this day see Appendices 1 to 10)

Gentlemen, we have Mr. Currie to continue with his evidence. As I recall it Mr. Boisvert is first on the list.

Mr. George S. Currie, chartered accountant of Montreal, recalled:

By Mr. Boisvert:

Q. With respect to cost accounting you said in your report at page 725 of *Hansard* at the bottom of the left side of the page that the system is sound and I would ask you one question and I would like to quote what you say:

We are informed that cost reports are now being received from all works companies and detachments. Needless to say, this is an initial step but until the quality of cost reports is improved results are of restricted value.

The cost accounting system is sound and workable and will if properly used assist in increasing the pressure for efficiency such as is normally experienced in civilian establishments by financial factors.

The question I would like to ask you is: what is the meaning of the words "the quality of cost reports"?—A. The cost reports are only useful and reliable if they are based upon correct fundamental or basic information. Now, until there is correct accounting at the very start in your books, until the accounting is correct, the assembly of the figures is not correct and therefore the cost accounts that you get passed up to you are not correct and you cannot place reliance on them. You must get the fundamental information correct.

Q. Would it be correct to assume from your recommendations that you drew them by comparing the army works services with a civilian establishment?—A. Yes, because the system is the same. The principles are the same, it is pure accounting. There is no difference really between accounting in this type of work and accounting in a civilian establishment.

Q. Is it not right to say that efficiency in a civilian establishment is the responsibility of the management, but in public works the efficiency should result from regulations adopted to substantiate an act of parliament?—A. The first part of the question is efficiency depends upon management?

Q. Yes?—A. I would subscribe to that, yes. What is the second question?

Q. Is it not true that in a civilian establishment it is the responsibility of the management to substantiate an act of parliament? —A. I do not see it.

The CHAIRMAN: Can I help? Mr. Boisvert are you suggesting regulations that emanate from an act of parliament?

Mr. BOISVERT: Yes.

The WITNESS: I cannot conceive of an act of parliament including all the details that would be required to describe how a system of accounting should be run. We have the books here of the regulations that are drawn up I suppose as a result of an act of parliament which says you must—

By Mr. Boisvert:

Q. Do that and do this...—A. Yes, but when you come to do it it requires a vast amount of planning and organization and setting up of the system. For instance, here is a book of regulations. You cannot conceive of that being put in an act of parliament.

Q. Deriving from an act of Parliament?—A. Yes, I would think so.

Q. Assuming now that the Department of National Defence enforces your recommendations, would it not be possible that a handful of crooks could find a way to create a loose situation and take advantage of it?—A. That is a long one.

The CHAIRMAN: Take that question again?

By Mr. Boisvert:

Q. Suppose the Department of National Defence enforces your recommendations would it not be possible that the handful of crooks could just the same find a way to create a loose situation and take advantage of it?—A. I cannot subscribe to that entirely. Because, the situation as it existed at Camp Petawawa was a local situation and the regulations which would have disclosed that situation to their superiors were not being followed so that you would have to have a very large coordination of a large number of people to have that situation spread throughout the whole organization. On the other hand I would say this, from experience in civilian works, that if you get collaboration between two or three thieves in handling a cash book and cash in a company, it is awfully difficult to detect it. Do I answer the question?

Q. That is right. And did you try to figure what the full implementation of your recommendation would cost to the taxpayers of Canada?—A. No, I did not.

By Mr. Larson:

Q. In other words no matter what the situation, a conspiracy would be quite impossible to detect for some time?—A. No, I would not like to subscribe fully to that. The looser the system the easier it is for conspirators, but the situation will be discovered sooner through the operation of controls, checks and balances. It is almost impossible to have it last any time.

Q. A tight system like that would not be so bogged down with reports that people were spending all their time making reports rather than doing their work?—A. No, that can never be tolerated. You can get overloaded with paper work which bogs everything down.

Q. The cross-checking that would bring about would require an overload of paper work, would it not?—A. Not an overload of paper work. There is a certain balance that you have got to have. You must not include it by not having enough and you must not overdo it by having it overloaded. That is where management comes in, to be sure it is efficiently organized, and that you are not asking too much work to be done but that you are getting enough.

By Mr. James:

Q. Just following that same question. Brigadier Lawson suggested a conspiracy such as existed between several parties at Camp Petawawa is much more difficult to detect than that of an individual theft—something like that. Do you subscribe to that?—A. If you mean collaboration between two or three men in a responsible position, like a cashier and ledgerkeeper and the bookkeeper, it is very difficult.

Q. And that would apply no matter what system was in effect?—A. There are certain systems that would catch it.

Q. But afterwards, not before?—A. There is the danger.

By Mr. Dickey:

Q. I want to follow up a line of thought that appeared to me to be in Mr. Boisvert's questions. As I understand it, Mr. Currie, you regard efficiency as a responsibility of management?—A. Yes.

Q. And you have in a sort of a general way compared these responsibilities as respecting the army works services with the same responsibilities in a comparable civilian sphere. Is that generally correct?—A. I have certainly kept that in mind in looking at it.

Q. Now, management in a civilian sphere when faced with the requirement of getting efficiency as I understand it can plan their system and on their own responsibility staff that system and set the salary scales for the people they want and all that sort of thing and thereby achieve that efficiency. Is that correct?—A. Within the normal limitations. For instance, the management often by rules of the board of directors cannot hire a new sales manager without referring to the board of directors but can hire a salesman. That is, within certain limits the manager has a free rein and is responsible for the efficiency of the company.

aAi

Q. And taking the organization as a whole there exists within the organization that has the direct responsibility for efficiency the means of getting these things done as they may determine best in business practice?—A. That is correct.

Q. Well now, is it not true that in dealing with a branch of the service, taking as an example the army works services, that the people who have direct responsibility for efficiency are not by any means in the same position as people responsible for efficiency in a civilian organization?—A. I would not think so.

Q. They are not?—A. I would say they are. What would be the difference?

Q. The difference that there seems to me to be, Mr. Currie, is that the people directly responsible for efficiency in the army works services, as appears I think from your report and the evidence, made certain decisions as to what should be done to achieve efficiency but they have not been able to bring this efficiency into effect because they have not control over the other aspects, that is the aspects of getting the people they require and setting the salary scales that they need to get those people. Is not that a difference, an important difference?—A. To this extent, that the army works services is more similar to what you might call a department of a very large company—take the C.P.R. Let us take a minor part of their work, checking department from the stations—I imagine that is a department. The chain of responsibility then is naturally higher and the men that are in charge of it are reporting to another person who is higher up. Or perhaps we might take another situation where you have branch plants throughout the country. In the branch plants there is a control from the head office and they cannot do everything. The army works services is something like a branch plant or subsidiary company that is under control of a major organization, it is only one part of a whole, and they have not got an absolutely free hand in that branch plant; there are controls kept on them.

Q. Surely, Mr. Currie, I had not suggested that, but what I am suggesting is that the simple comparison of the army works services and a similar organization in civilian life is not exactly correct and there are these other factors which definitely put it in a different category?—A. I would say they are handicapped due to the circumstances which I described in connection with getting people. They are handicapped more than civilian organizations would be by difficulty through getting men through the civil service, and so on, which is undoubtedly a handicap to the efficient operation of the army works services.

Q. And also I think it is plain from your report that it has been a handicap to management—shall we say—in bringing into effect certain means of efficiency which they had planned on but which they could not get into effect?—A. Certainly to the extent they could not get the help, they could not get the men, it is a handicap, yes.

The CHAIRMAN: Mr. Jutras?

By Mr. Jutras:

Q. Colonel Currie, what do you consider is “normal efficiency”? You referred to the term “normal efficiency”. You have had a lot of experience with various private firms. At what stage in your analysis of a situation do you get alarmed? At what percentage of loss or waste would you consider that you get below normal efficiency? Can you give us an idea of that, on a percentage basis, possibly?—A. I could not possibly do that on any definite scale. But from my experience as an auditor, going around to various companies, I can tell, after I have been in a company a few days, whether it is being normally managed, and I can tell whether it is being very efficiently managed, in so far as that part of the company I am examining is concerned. On the other hand, if I see that their files are carelessly arranged, and I cannot get material, and if the books are not balanced, I can see that it is not being well run. It is hard to say what is normal. Normal in an ordinary company is where there are but few mistakes. You can expect mistakes, but few of them.

Q. I am trying to get a picture in my mind. I know that in most companies a human element enters into the picture; there is bound to be the odd disappearance. But if you look at the balance sheets, could you not establish a percentage, let us say, 10 per cent or something like that?—A. I could not possibly do that. It is a matter of opinion, too.

The CHAIRMAN: Mr. McIlraith?

By Mr. McIlraith:

Q. Colonel Currie, on Tuesday I questioned you at some length about personnel, and in particular about civilian personnel and the difficulty of getting them and so on. We were discussing that subject particularly in relationship to alternative No. 1 and alternative No. 2 of the proposed re-organization as indicated in the right hand column on page 718.

Perhaps I might preface my question by saying that alternative No. 1 and alternative No. 2 appear to me as the better of the four alternatives. But what is bothering me is this alternative No. 2, in that it suggests a civilian organization running parallel to a military organization up to commands through army headquarters. Alternative No. 1 is, of course, improving on further development of the existing organization. Would it be possible to develop something between alternative No. 1 and alternative No. 2, but not quite going the whole way in alternative No. 2?—A. Yes. I think I rather conceived that they would work gradually from alternative No. 1 to alternative No. 2 but might not want to go the whole way. You might come upon circumstances that were very satisfactory and not want to go the whole way. It is a matter of trial and error; and whenever you get a plan for re-organization, it is more or less a matter of balancing and trying to put it into effect; and it is only by actual experiment that you ascertain whether it is working in all its phases.

Q. It seemed to me in reference to your method, for instance, in alternative No. 2, if you had taken away from military personnel the ordinary maintenance work and relieved the military personnel from responsibility concerning that, that would leave them with the engineering on new projects, you would not have gone as far as you would in alternative No. 2, but it might be a workable solution. Is that a fair deduction?—A. That is correct.

Q. And there might be other elaborations of that, to a point somewhere between alternative No. 1 and alternative No. 2, That is all. Thank you.

The CHAIRMAN: Mr. Dickey?

By Mr. Dickey:

Q. Colonel Currie, in the same section you referred to the valuable training element for the Royal Canadian Engineers personnel; that is definitely a factor of importance.—A. I understand so and I believe so, too.

Q. On page 716 of the *Hansard* copy of your report at the bottom of the right hand column, you deal with the policy of procurement, and you refer to the excellent relations established with the Department of Defence Production, and suggest that agency as the normal purchasing channel. I presume that your studies indicated that that system was working pretty well.—A. Yes.

Q. And that it is a reasonably satisfactory system, from most points of view?—A. That is right, yes.

The CHAIRMAN: Mr. Applewhaite?

Mr. APPLEWHAITE: In answer to Mr. Dickey, with reference to the last paragraph in alternative No. 2, reference was made to the valuable training element for Royal Canadian Engineers personnel. Would you please make it clear whether that refers to training in engineering or to training in managerial functions?

The WITNESS: I personally had in mind training in engineering; but I feel that the army itself is better qualified to say what type of training would be beneficial. I have understood always that the training that would be valuable—that they would like to have there—is in the engineering end of it.

Mr. APPLEWHAITE: Thank you.

The CHAIRMAN: Mr. Dickey.

By Mr. Dickey:

Q. And further, Colonel Currie, with respect to that same paragraph which I have already indicated, on page 716, you go on to say:

It is a further policy to use the contract method for construction and maintenance wherever possible and consistent with true economy and efficiency.

Did your studies indicate that we were going to proper lengths in insisting on contracts being called for that kind of work, and doing it through normal channels?—A. I feel that personally. I agree with that.

Q. You agree with that policy, and you have found it to be working satisfactorily?—A. Yes, I have.

The CHAIRMAN: Mr. Hunter.

By Mr. Hunter:

Q. I am interested in army accounting. In civilian business, an accounting system is integral, necessary, and a vital part of the business. Now, with that part of the armed forces which is designed for fighting, you would have to superimpose your method upon that fighting organization, superimpose an accounting system which could possibly defeat or retard, or conflict with the fighting efficiency of the organization. Therefore I would be interested to hear your views as to the difficulty of putting in an accounting system in such a case as compared to a civilian business, where it obviously is an integral part

of the business?—A. I was dealing solely with the Army Works Services, first of all, which I conceive as a permanent organization in Canada, and as doing largely civilian work. Therefore civilian accounting and methods perhaps can very easily and readily be applied. As far as accounting in the other, the fighting branches of the services, is concerned, I did not study that question recently. But I appreciate the difficulties, having been in the army myself.

The CHAIRMAN: Mr. Cavers?

Q. Colonel Currie, on page 723 of your report, at the bottom of the right hand column, you refer to the establishment of service teams. I was wondering, after reading the report, in what form or what character those teams would be? Did you indicate that they should be teams that would examine into administrative services of army works services, or teams which would do administrative service and works services, or both?—A. Really both. The conception here is—as well as in the department too, as I understand it from discussions with them—that the team would probably consist of five. There would be somebody in charge, and you would have two who were testing administrative performance and financial accounting, and accounting, and that sort of thing, and seeing to it that everything was working correctly; and you would have two engineer types who would be mechanical people, watching how the stores were kept, and the performance of the actual service that the company was doing. There would be about five people on the team, depending on what you are testing.

Q. Would those teams be sort of flying squads which would move from camp to camp, or from establishment to establishment?—A. Yes. I do not know whether it is still acceptable or not, but the idea, when we were discussing it, was that there might be two teams, one to start at one end of the country and the other to start at the other end of the country and gradually come together and pass each other at the center, and that they would perhaps make two inspections in the year. They would also be available at any time when there was difficulty, where things were going wrong, or where something was wrong with the personnel, just as you might find it in civilian business, and they could be sent around on special jobs; but their regular duties would be going back and forth.

Q. You feel that two teams would be sufficient to do the work?—A. Again that is a matter of trial and error. I think it would be sufficient to start with anyway.

Q. I take it you had in mind something similar to what the Department of National Revenue has in its Income Tax Department?—A. I am not competent to say.

Q. Do you think that these teams would correct any errors which might arise in the department?—A. They would help enormously to do so, and they would have the good quality of prevention and development and of "getting quickly into any mess", so to speak. I appreciate that is not expressing it very well. But if they went into an organization and found that things were not going quite well, they would stop it before it got bad, and perhaps required more drastic action.

The CHAIRMAN: Mr. Benidickson?

By Mr. Benidickson:

Q. On Tuesday, Colonel Currie, in connection with the discussion of your recommendations, we devoted a considerable amount of attention to the type and quality of the personnel that appeared to be needed, but I do not think we probably spent the same amount of attention on the quantity that might be

required. In looking at your report, I noticed in several places that you did indicate that the actual number of people required was important; and at page 717, in the right hand column of your report, you say:

(2) Organization changes which have been made are a result of some segment being overwhelmed.

And further down, at the bottom of that page, you say:

Key positions have not been adequately filled,—

And on page 728 you say:

The new organization set up for the service at army headquarters should be filled as quickly as possible—
and so on.

So there is emphasis on quantity, and I think we could scarcely get a better witness than yourself to give us some recommendations as to what might be over-all efficiency in the quantity of men for the works services. You, of course, were deputy minister of defence, and you, of course, in your business career have operated a number of very large businesses and you, I am sure, have the regular concern that all taxpayers have of not having in government employ a quantity larger than is required.

In this connection you probably recall that the minister reported to the House on page 941 of *Hansard* that the quantity of personnel had actually increased in the army works services alone from some 4,524 people,—and the ratio I think then was one out of four military—to 6,232 people at the present time, and that ratio was about one military out of six employed. But the startling thing is also set out in that same speech, page 941 is that while there has been an increase over recent times of some 1,700 personnel, he says that the present totals are still 1,700 less than the approved establishment. And then of course there was a certain increase as to the set-up in the volume of business—the volume of responsibility—that had taken place in the army works services over a period of a very few years. I think it went up from an average of \$20 million in the years 1946 to 1949 to the responsibility for the expenditure of \$250 million at the present time. Would you think that the approval on these establishments of providing for even an additional 1,700 employees is probably warranted.—A. I would say this—it is hard to follow all the points you have raised—but I would say this that the establishment as proposed for instance at the national defence headquarters has been well thought out and it seems that as planned and perhaps now enforced—I do not know whether it is or not—but it is very well thought out and planned.

Q. I think you say that in your report.—A. And then it is a matter of getting these positions filled with key men and letting them do their organization; but there is a general principle—how do you say it—bigness is not necessarily better. The solution does not necessarily mean a great many more men. It is more efficient men in the right spot and I think a great deal can be done by getting good key men and letting them train their staff the way they do in civilian works. That is particularly in the army works services where the staff can be civilian and you can teach a man to be a storeman if you have a good head storeman above him.

Q. You referred to the fact that at the time of the difficulties when you were examining establishments they were not realistic, and then we have evidence that certain new establishments had been created and that indicated to you—the information—that these new establishments have still not been filled to the extent of some 1,700 people, and I was just wondering if you got the impression that the deficiency in personnel was as startling as these figures would indicate?—A. I do not have the figures. I would like to look into that further, but I might say that the establishment of, say, in the army works services has been well thought out. If filled and you get the men it will do the work.

By Mr. Dickey:

Q. On this question of new establishments you refer on page 719 in the right-hand column to the new organization of a deputy quartermaster general (works) et cetera. Would it be fair to say that this new organization that has been developed provides a pretty good basis for the fitting in of a good many of your recommendations or specific recommendations?—A. Yes.

Q. And things like audit groups and that sort of thing that you referred to are really provided for, or the machinery to control them is provided for in that organization?—A. Yes, the skeleton organization is well thought out, I think.

Q. And specifically I was interested in recommendation 2 which appears on page 729 of Hansard, that the creation of a staff agency is needed at army headquarters to supervise and enforce the enforcement of established policy, control organization, costs. The emphasis is on man power and staff performance. Just what control had you envisaged that that sort of group could have over man power, Mr. Currie?—A. That paragraph does need discussion and working out and I am quite keen about it. I would conceive that a personnel manager would be in that group and I would conceive that the service teams would be in that group and of course under that group. Mind you, it is staff agency, not in the line of command, it does not give orders to anybody. It would have to be a continuing review organization, receiving suggestions and seeing where suggestions could be implemented by a change in the organization: the keeping of manuals up to date, seeing if they are up to date; receiving and examining cost reports, reviewing this work and making reports to the quartermaster general to suggest what he should do—briefing him—and the value will lie in getting comparative figures. They will have comparison with the various commands, the various companies, and they will be able to check the performance and they may be of value in preparing the estimates.

I might illustrate it this way: that perhaps they might be like an internal audit department, like an internal management consulting organization, these management consulting firms that we have around the country.

Q. But specifically what would they be able to do about—the phrase you use—man-power?—A. Well the personnel manager would perform the duties I suggest here of studying the type of man that they want and they could pass this recommendation on and see if they can't get the civil service to cooperate.

Q. With further reference to your recommendation on page 729, Mr. Currie, recommendation 15—the circumstances under which military personnel might accept outside temporary employment requires precise definition. Do I take from that that you are not satisfied that these matters are adequately dealt with in Queen's Regulations I think 1939, 1942 and 1943?—A. We found out that it would appear that the department, I might say, condoned in the main other ranks working in their holidays or on other occasions when it seems to me it should be clearly stated whether they may or may not.

The CHAIRMAN: On holidays?

The WITNESS: Yes, on holidays.

By Mr. Dickey:

Q. Isn't it pretty clearly set out in Queen's Regulations?—A. I cannot point to it. I just noted it was happening.

Q. Perhaps that is a matter to check?—A. Of course you have the case of Major Pumble.

Q. I was worrying about whether or not the regulations as written down—I take it from "precise definition" that we should infer, that the regulations were not specific as opposed to the application and implementation of these

regulations.—A. Our feeling was that the regulations were not too precise and required clarification. I think they should say—I cannot quote—but I think they should say a man may or may not take outside work during his holidays.

Q. I agree with you there but my understanding was it was pretty correctly set out and perhaps it has not been in individual cases and they have been able to get away not following the regulations.

The CHAIRMAN: You are both talking about regulations which neither one of you has at his fingertips, I don't blame you, but let us have something more precise. Mr. Decore wishes to ask a question.

By Mr. Decore:

Q. On page 717 of your report you point to the need for re-organization and you mention that in view of the present size of the works services emphasis should be shifted to managerial and administrative ability in key posts. And then, in subsection 3 under that heading you make this statement: "Reorganizations approved by the Civil Service Commission and establishment committees have not been realistic and reflect a lack of understanding of army works services problems." I was wondering if you could point out just what re-organization methods were being approved by the Civil Service Commission and to what extent they have not proved to be realistic?—A. One very obvious case is that they did not allow a storeman in the works organization—an organization that is looking after half a million dollar worth of stores—and also there was no estimator provided and the army works services organization lacked some other appointments—accountants, not enough accountants.

Q. And you attribute that to the Civil Service Commission?—A. Yes, between the army and the Civil Service Commission. They had to argue it out, and as I said Tuesday it may be the army did not advocate it strongly enough but nevertheless between the two of them—between the army and the civil service—they could not get the men. The civil service turned it down.

By Mr. Jutras:

Q. I would like to turn to the last part of the report for a minute. Page 727, that has to do with security. I see that there was a new establishment proposed in January, 1951, and there was a change in the establishment in May, 1951, and then, I believe, you made another suggestion after that, as outlined in Appendix C. Is that your suggestion after those two establishments were operating?—A. That was worked out and we helped in that; we were in consultation with those who were drawing it up in the army, and that is a proposed establishment that we think is a pretty good one.

Q. This is the one that would mean an added 96 men in the corps, I take it, as outlined in Appendix C, page 735 of Hansard.—A. Yes, it does mean an increase from 83 to 179.

Q. And it is your opinion that this increase is required to get an efficient organization in the corps?—A. I feel so.

Q. Now, as to the physical aspect of this problem, you point out quite properly that the bigger the area of the camp naturally the bigger the problem. You are satisfied that it is not economically sound or feasible, for instance, to fence the entire camp at Petawawa or Camp Borden?—A. Yes.

Q. Now, you suggest putting up gates and fences on back roads. Have you considered, I mean roughly, the cost of this recommendation?—A. No, I did not figure out the cost, no; but the cost should not be very much. I have in mind the erection of a gate or a barrier of some sort across the roads and ditches, and so forth, which should certainly prevent the casual person from coming in. I admit it won't prevent the man who has deliberately made up his mind to get in and to break down that fence, but it will keep the man who is out for a drive from getting into the camp areas.

Q. Yes, but I was a bit concerned about the language of the recommendation. The way I read recommendation 37 it seems to me quite categorical that barriers and gates should be erected on back roads in camps, that they are needed. I do not want to reflect in any way, shape or form on the army, but I think that from the taxpayer's point of view it is not unreasonable to visualize that if we give the impression or give the orders to the army that they must have a gate or guards on roads leading into the camp with, as you suggest, a bit of fence on both sides, then quite likely there will be new trails made which will mean new gates to be put up, new bits of fencing to be put up, and I think possibly we will probably end up by having the camp fenced all around in a not too long period of time. I recognize the merit possibly in some places, but as I say I wonder if it is wise.

The CHAIRMAN: What is the question, Mr. Jutras?

By Mr. Jutras:

Q. The question is this. According to recommendation 37, my impression from reading it was that there should be barriers on all roads leading into the camp. Now, I am wondering if it is wise to make it as categorical as that for the security that you will get from it, and even then you will not have complete security because there will still be openings around the camp.—A. Would that not depend on management and on the situation as it is found in the area, with some sort of flexibility?

Q. That is what I mean—it would have to be left to the discretion of the army, I would take it, and, as I say, I was a bit concerned about the language in your recommendation.—A. Of course I have not said there 'on all back roads or all places', but there are spots, I think, where they are needed. It is not necessarily all inclusive. You do not need to put it on a lane. It is within reason.

Q. Yes, but as I say there may be points where it should not be done and I would not want to see that taken too literally by the army and find that we eventually end up by fencing the whole camp. You referred to the problem, and I realize it is quite a problem from the security point of view, particularly at Camp Petawawa. I have been there a few times, although I am not very familiar with the lay-out; I have been through it several times. Is your suggestion that we fence the campsite in order to segregate it from the townsite?—A. The townsite from the camp. And I also suggested that an easy and cheap solution that they might try was to move the gate or move the fence. It does not necessarily mean a new fence or a new gate. You have to go through the gate to get into the townsite. Well, if you moved the gate forward you would be able to get into the townsite but not get into the camp.

Q. Is there a fence at the present time between the townsite and the camp?—A. There is a fence there, but I am just wondering whether it is exactly between. The fence is close enough to make an actual division between the townsite and the camp that it can be useful for that purpose.

Q. And where does that fence run, does it not run between the two, and where does it stop? Does it go around the compound and the camp?—A. No, it leads off towards the river on your right as you go in to the camp. The gate is there and there is a fence there that leads off to the right.

Q. Have you envisaged any other possibility apart from fencing the camp, fencing the town, putting up new fences?

Mr. HUNTER: What about bloodhounds?

The CHAIRMAN: Gentlemen, gentlemen, order, please.

By Mr. Jutras:

Q. I do not know, but could there be any possibility of fencing certain buildings to segregate the two readily?—A. I have not made a study of that.

Q. You have not made a study of that point?—A. No.

Q. It appeared to me that possibly you could take a lesson from our international boundary. There are no fences and there are no gates.

Mr. CAVERS: Do you suggest we should have one?

The CHAIRMAN: Gentlemen, please. Mr. Jutras.

By Mr. Jutras:

Q. My point is that possibly with a system that has been employed in many other areas and in many other cases, if everybody was required to have a documentation of some kind of report before going in, and then if we had, as you suggest, later on, a fence and make sure there are no unauthorized people in the vicinity of the camp, possibly this would solve our trouble.

The CHAIRMAN: Mr. Jutras, have they not tried your present system and Mr. Currie now tells us that it does not work? There is a recommendation. It may not be acceptable or even practicable, but he suggests they give it consideration at least. On page 727 of *Hansard* he has a paragraph on it, and then on page 737 he more or less points to it.

Mr. JUTRAS: And on page 727, at the bottom of the page, he said fences should be constructed segregating the townsite from the camp. It is not easy at Camp Petawawa, and we have had figures on that which show it is a costly proposition, and then there is the upkeep of it with guards and so on. It is a very expensive proposition. My suggestion was that possibly we could do that more economically.

The WITNESS: Of course I think you noted there that I have recommended camp patrols. In all, it is quite a municipality, 3,000 to 5,000 men, and in towns of that size we have policemen patrolling. That would help.

The CHAIRMAN: Gentlemen, we will have a break here for a few minutes. Upon resumption:

The CHAIRMAN: Gentlemen, you all remember, I am sure, that after a break in the army we used to come back with new vigor. Are there any other questions? Are there any questions?

By Mr. Thomas:

Q. At our last meeting Mr. Currie indicated that—talking about fencing—his suggestion at that time was that the fences should be built around just that part of the camp where the stores are kept rather than around the entire camp. Is that right?—A. Well, in addition, too, I think there is a need, when you have townsites built beside military camps, to have them separate.

Q. Just a short fence across?—A. Yes, to keep the townsite separate, so as not to have all the traffic going freely between the townsite and the camp.

By Mr. Dickey:

Q. Mr. Currie, is that not pretty generally the case now? It is not at Camp Petawawa, I know that.—A. Well, Camp Barriefield is all mixed in.

Q. But I think in the newer ones that you will find there is pretty good segregation.

The CHAIRMAN: Gentlemen, are there any questions? Anybody else? Mr. Currie, I have some questions I would like to ask you.

Mr. DICKEY: Louder, please, Mr. Chairman.

The CHAIRMAN: You will hear them—Mr. Currie—where angels fear to tread. You may not have Hansard of December 15, 1952, but I will read to you at page 640:

ARMY HEADQUARTERS,
OTTAWA, 15 December, 1952

The Minister

1. I have read the report on the investigation of army works services by Mr. George Currie.

2. He reaches conclusions and makes recommendations which must be the subject of careful study before I am in a position to advise you as to the extent to which remedial action has already been taken and what other steps I would recommend.

This letter, as you know, Mr. Currie, is from Lieutenant-General G. G. Simonds, Chief of the General Staff.

3. In defining his task Mr. Currie states 'I have conducted an investigation into the deficiencies and other irregularities of the engineering detachment of the army works services at Petawawa and elsewhere'.

4. However, included in Mr. Currie's report are statements which may be interpreted by the public as a condemnation of the competence, integrity and efficiency of the army as a whole. I refer particularly to the statements in the last paragraph of part 1 of his report.

5. I understand this report is to be made public and if such statements made by Mr. Currie are interpreted by the public and the serviceman as having reference to the army as a whole the effect will be most damaging.

6. I, therefore, request that Mr. Currie clarify publicly whether such statements are intended to refer, as his quoted opening remarks would appear to indicate, to the engineering work services only, or whether they are intended to refer to the Canadian army as a whole.

And now, Mr. Currie, my question is this. It is a general question.

Mr. FLEMING: There is one more sentence there, Mr. Chairman, that you left unread. You might as well read it.

The CHAIRMAN: Yes.

"If the latter is the intention then I would further request that Mr. Currie provide publicly the facts upon which such opinions and observations are based."

By the Chairman:

Q. Now, my question, Mr. Currie is this. In your observations you said that there was a general breakdown in the system of administration, supervision and accounting. My question to you is, is that to be applied to the army or to the army works services only?—A. Mr. Chairman, as stated, I was reporting on the army works services. I certainly was not condemning the whole army. I was reporting on the army works services and my remarks here are intended to apply to that organization. They would also apply to other personnel in the Department of National Defence to the extent that by virtue of their positions or appointments they are charged with responsibility for the supervision of the performance of the duties carried out by the army works services in accordance with the army works services regulations. Now I would like

to quote from the army works services regulations, Canada, 1949. Section 3 of those regulations is headed Organization, Functions, Command and Control, Channels of Communication. Subsection 11 reads:

The officer commanding a command alone is responsible to army headquarters for the command and administration of the army within his command. Certain of his powers are delegated, either by KR Canada 30-30D, or directly, to area commanders and officers in charge of administration.

Q. Mr. Currie there are a few more questions I feel I must ask you. It has been stated—Mr. Currie, this document that the Prime Minister tabled on December 15th is the Currie Report and there is only one?—A. There is only one.

Q. There is only one. We will not get into that, I just wanted to clear it up. I will read from *Hansard* and I think perhaps then I will ask you to comment. I am reading from—

Mr. WRIGHT: Are we now referring to Part No. I?

The CHAIRMAN: I am not referring to any portion. I am asking questions of a general nature. I will read you from *Hansard* of December 17th at page 830:

Mr. DREW: Mr. Speaker, I would draw the attention of the Prime Minister to the fact that in explaining the changes which did take place" ...we are talking about changes in the report—

Mr. FULTON: What part of the report?

The CHAIRMAN: I am reading Mr. Drew's statement. "...he has not explained the circumstances under which the words "at or near the top" were replaced by other words."

"Mr. ST. LAURENT: There I have no explanation to offer, and I am informed that the department has no explanation to offer—that those words were not discussed between Mr. Drury and Mr. Currie's representatives on the 1st of December."

I ask you today to comment on that?

Mr. WRIGHT: Mr. Chairman, as a member of the agenda committee it was distinctly understood we should conclude the questioning on the second and third part of the report before we start at the first part. That was reported by yourself to this committee. Now you are directly going into the first part of the report. What I am asking you is: are we all going to be allowed to question Mr. Currie on the first part of the report now?

The CHAIRMAN: I have been asking for questions and waiting for questions and did not have any takers. I am asking the questions. Certainly you can ask any question that occurs to you.

By the Chairman:

Q. May I have your comment on that, Mr. Currie?—A. That change was made entirely on my own responsibility without suggestion from anybody.

I was not pointing at any specific person. My investigation showed that the conditions which prevailed before remedial action was taken had been in existence for some considerable time. I gave consideration to the fact that there is a rapid turn-over in the posting of Army personnel, some of them being in responsible positions for quite a short period. I was not called upon to fix responsibility and it would have been difficult for me, if not impossible, to place individual responsibility fairly. My conclusion, therefore, was that the responsibility lay in the performance of the duties of an appointment itself,

from time to time, and not necessarily with the present holder of an appointment. Then again, while an officer holding an appointment may be "responsible" he need not necessarily be to blame.

Having regard to these facts, I amended my original draft which read "at or near the top" to read "higher up", as I felt it more clearly expressed my opinion. Responsibility does not jump over or hurdle any level but forms a chain of continuing responsibility right through the organization.

I draw your attention to the army works services regulations that I quoted from:

"The officer commanding a command alone is responsible to AHQ for the command and administration of the army within his command. Certain of his powers are delegated, either by K.R. Can. 30-30D or directly, to area commanders and officer in charge of administration."

By the Chairman:

Q. I will refer you to page 728 of the report about three-quarters of the way on the right hand column:

"In November, I was invited to return to Halifax to examine the results of the vigorous action which had been taken. I found that remarkable changes had been made."

Now, it has been stated that there were interim suggestions made from time to time. I should like you to say what that would refer to and what recommendations were put into effect that you know about?—A. We were very frequently in touch with army headquarters and as I said in my report we received the utmost cooperation, and on many occasions we discussed criticisms we had and recommendations we had to make. For instance, on the 11th of July I had an interview with the deputy minister accompanied by two of the members of my firm and in that interview we recommended steps be taken to prepare a catalogue that could be used throughout the department. We also recommended that a comprehensive inventory be prepared and blueprints. The deputy minister asked us to report on matters that occurred to us and all the criticisms and recommendations we made were discussed with the department; and there was no questions as to who suggested the recommendations, it was a combination of the two of us—I could not say who suggested them first. On the 28th of August we had a long interview with the deputy minister and many things were discussed with him. I might just give you a summary of the discussions. We were discussing Barriefield and lack of effective use of the chief auditors' reports and talking about how it could be remedied. The deputy minister himself, I think, suggested that the routine of these auditors' reports should be made in a different way so that they could get quicker attention which we agreed to. And the inspection teams we are talking about were also discussed. We discussed problems of delegating authority. We discussed the organization at headquarters, army headquarters, and we discussed the tremendous expansion and need for good management and inspection, and selection of key personnel in the works services, the auditing, and the planning at army headquarters and the need of clear direction as to the duties of everybody. There are a lot more of them.

Q. Could you be a little more specific and say whether you discussed certain camps with the deputy minister or members of his staff that had authority, and what remedial action was taken with respect to camps other than Halifax?—A. We discussed at great length the recommendations for particularly the improvement in the accounting and the steps that should be taken to tighten up the accounting. We discussed the Toronto situation and what we found there, and Barriefield, and Borden. There were many others.

Q. Tell us, from the time the discussions took place did you have occasion at a later date to view for yourself whether some of the recommendations had been carried into effect?—A. Yes. Here are some. Training courses for personnel had been set up and senior officer refresher courses; manuals for organization and operation had been started; administrative service teams were being set up and the civil service was holding competitions for auditing positions and there were renewed efforts in obtaining mechanical personnel; establishments revised to include personnel mentioned in our discussions. We discussed the warehouse and central warehouse depots and removal of surplus stores from certain of the army works services and that I understand is being carried out. Security: There is considerable progress being made in security, guards and fencing; time clocks; surveys being made as to what further things might be done and of course one of the big things was the inventory of stores. They have a first class inventory of stores being made and records being brought up to date. The real property records were being worked on and that will be done although it will take time. The new catalogue is going ahead, that is a universal catalogue with a common nomenclature.

The situation was that when articles were bought from different suppliers, different names were put on them, and you did not realize that you had got a supply of the same thing, and you would order some more. Therefore you needed a common nomenclature.

The chief auditor's reports or the route of them, and action to be taken; and then there was a system of tentative estimates as to costs. I am sure there were a lot of others of minor importance that were done, and very substantial changes were made.

Q. Yes. What you are saying Colonel Currie, in effect is that these various matters which you have related to us were discussed, and those which you have named amongst others, were actually put into effect during the time you were carrying on the investigation?—A. Yes.

Q. I see. Now, I have a few more questions. You told us Tuesday in your opening statement that the objective of the investigation was to determine the cause. Somewhere else you said that for the recitation of irregularities you were dependent in large measure on police and provost reports. Am I quoting you correctly?—A. Yes.

Q. My question is this: Is it right to say that the irregularities in Part 1 of the report, taken from the provost and the R.C.M.P. report were, in the main, illustrative of the cause?—A. Yes, that is correct, Mr. Chairman. I also said at the last meeting that I seriously considered eliminating all the particulars about these irregularities. They were being handled outside my purview in the courts, but I felt that because of my terms of reference that I had to refer to them, and I did so; but I did not refer to them all. I gave more the ones that the public knew of, that were illustrative of what was going on.

The CHAIRMAN: Now, gentlemen does anyone wish to ask any further questions? Mr. Thomas?

By Mr. Thomas:

Q. Colonel Currie, on page 713, when referring to Camp X you said:

In this, as in the scrap metal cases cited and, indeed, in others, army equipment was used although the contract called for the company to use its own equipment.

And that is also mentioned in No. 30 of the recommendations where it says:

Prohibition of loans of materials, stores and equipment to civilian contractors is desirable.

Was that very widespread?

The CHAIRMAN: What part is that ?

Mr. THOMAS: Right at the very bottom of page 713 in the left hand column.

The CHAIRMAN: Yes.

Mr. THOMAS: And recommendation No. 30. Was that very widespread?

The CHAIRMAN: Take your time.

The WITNESS: We only heard of its happening at Camp Petawawa, where civilian equipment was rented. In commercial life, of course, there are companies which do nothing else, and it is common practice to rent equipment for construction purposes, particularly heavy equipment.

By Mr. Thomas:

Q. What I was getting at was this: that army equipment was being used in place of the contractors' equipment?—A. That, I believe, was an isolated instance, and I cannot think of any others.

Q. Have you any estimate, at all, of what the cost was to the government?—A. We have not, no.

The CHAIRMAN: Mr. Wright?

By Mr. Wright:

Q. Colonel Currie, on page 729, paragraph No. 4, the fourth recommendation reads:

Effective action on the reports of the chief auditor is essential.

You stated a moment ago that among the various things which you discussed with the deputy minister was the method of handling the chief auditor's reports. Now, in your statement, on page 712 you said:

The chief auditor of the department had performed his functions conscientiously.

And later on you said:

The deputy minister in each had directed the quartermaster general to investigate and report.

If I understood you correctly a moment ago, you stated that when discussing this matter of the handling of the chief auditor's report with the deputy minister you had made some suggestion that some changes were being made as to how the chief auditor's report would be handled. Did you get any information as to why the chief auditor's report had not been acted upon more expeditiously than would appear at Petawawa?—A. First of all, as to the first part of your question, I think it was the deputy minister who made the suggestion that instead of the auditor's reports going up through the engineers, they should go up through command levels so they would be drawn to the attention of senior officers.

Q. The chief auditor's report was not then actually delivered to the command. It went to the deputy minister direct, and the deputy minister, as it states here, submitted it to the quartermaster general. I take that to be at a command?—A. It went down; it was received, then it went down through the engineers' channels to get reports, and it was felt that it would be better if it went down through the command levels to get reports, so they would see it going through.

Q. Were you able to determine why action had not been taken?—A. No.

The CHAIRMAN: The question was why the matter had not been dealt with more expeditiously. That was the question originally.

By Mr. Dickey:

Q. On this matter of auditor's reports. I think you referred on page 712 generally to this situation and you say that there were directions by the deputy minister to the quartermaster general to investigate and report. The auditor's reports to which you refer in that instance were reports that were handled through the deputy minister and quartermaster general? Is that correct?—A. Yes.

Q. And do you know whether or not a copy of these reports goes to the Auditor General?—A. Yes, the Auditor General told me himself he got a copy of the reports.

The CHAIRMAN: Any further questions, gentlemen? First time. Second time. No further questions.

Mr. CURRIE; We have no further questions now. You will be excused. It is quite probable we will need you again at which time I will communicate with you and give you ample notice. Is that fair enough?

The WITNESS: Yes.

The CHAIRMAN: Thank you, Mr. Currie, you have been very helpful.

The WITNESS: Thank you gentlemen for your very kind treatment of me.

Mr. STICK: Don't be premature.

The CHAIRMAN: Gentlemen, Mr. Currie is the only witness we had arranged for today. My thought is that we will now adjourn and the agenda committee will please remain so we can arrange for further business.

The committee adjourned.

APPENDIX 1

Question by Mr. E. W. George

(JANUARY 29, 1953)

During the years 1948 to 1952, what portion of the expenditures on construction and maintenance at Camp Petawawa, was the result of contracts let by agencies other than the Department of National Defence and what portion was directly expended by the Army Works Services?

	CONSTRUCTION		MAINTENANCE
	Day labour & Minor contracts	Major contracts	Day labour & Minor Contracts
	Supervised by agencies other than Nat. Defence		
1947-48	98,705		61,320
1948-49	439,359	1,583,393	183,571
1949-50	354,862	1,991,598	306,315
1950-51	281,546	1,707,488	892,708
1951-52	279,490	1,703,253	1,231,550
1952-53 (Est)	197,178	1,103,714	652,616

Tabled on February 5, 1953)

APPENDIX 2

Question by Mr. R. Jutras

(JANUARY 29, 1953)

How many of the five military personnel charged as a result of the irregularities have since been discharged from the service?

Of the five military personnel prosecuted in civil courts, four were convicted and have been discharged from the service. The other was acquitted.

(Tabled on February 5, 1953)

APPENDIX 3

Question by Mr. P. E. Wright

(JANUARY 29, 1953)

A list of all courts-martial or disciplinary actions taken against personnel in the Engineer Works Department at Petawawa during the period April 1, 1951 to March 31, 1952.

Apart from those military personnel who have been dealt with in the civil courts, one soldier was convicted by summary trial for an offence of conduct to the prejudice of good order and military discipline. He was sentenced to two days C.B.

(Tabled on February 5, 1953)

APPENDIX 4

Question by General G. Pearkes

(JANUARY 29, 1953.)

The age and service of Major Elmer at the date of his appointment as Officer commanding of Engineer Works Detachment at Petawawa.

Major Elmer was born on March 28, 1917. He was appointed officer commanding Engineer Works Detachment, Camp Petawawa on October 1, 1948.

He joined the Canadian Army as a second-lieutenant on January 29, 1941, and was attached to Engineer units throughout his service career. He served overseas in England and northwest Europe from September 18, 1941, to September 29, 1945.

(Tabled on February 5, 1953)

APPENDIX 5

Question by Mr. A. R. Adamson

(JANUARY 29, 1953)

How many civilian guards are at the gates of Camp Petawawa?

One Sergeant and 19 men of the Corps of Commissionaires were employed on gate duties at Petawawa Military Camp at January 31, 1953.

(Tabled on February 5, 1953)

APPENDIX 6

Question by Mr. A. R. Adamson

(JANUARY 29, 1953)

The strength of the summer and winter administrative staffs at Camp Petawawa.

The regular camp Headquarters staff of Camp Petawawa consists of the following:

- 8 Officers
- 15 other ranks
- 65 Civilians.

During the summer training period, this staff is augmented by the following:

- 6 Officers
- 9 other ranks.

(Tabled on February 5, 1953)

APPENDIX 7

Question by Mr. A. R. Adamson

(JANUARY 29, 1953)

The turnover in cash value of the grocery and department store at Camp Petawawa during 1952.

During the period January 1, 1952, to December 31, 1952, the turnover in cash value of the groceries at Camp Petawawa was \$226,400.00. There is no departmental store at this camp.

(Tabled on February 5, 1953)

APPENDIX 8

Question by Mr. E. D. Fulton

(JANUARY 29, 1953)

The ratio of the expenditure of the Engineer Works Detachment at Petawawa to the total expenditure of the Department of National Defence the Army and of the Army Works Services for the years 1948 to 1953.

The following is the percentage of the expenditures of the works company at Petawawa to the total expenditure of the:

Year	Army Works Services Per cent	Army Per cent	National Defence Per cent
1947-48	2.1	.2	.08
1948-49	14.0	2.2	.82
1949-50	14.1	2.0	.69
1950-51	6.3	1.4	.37
1951-52	4.7	.8	.22
1952-53	2.6 Est.	.4 Est.	.09 Est.

(Tabled on February 5, 1953)

APPENDIX 9

Question by Mr. D. Fleming

(JANUARY 29, 1953)

A copy of the written advice upon which the charge, against S/Sgt. Young, of criminal breach of trust with respect to hiring animals, was dropped.

Following study of the evidence by counsel, he advised officials of the Department of Justice verbally that charges in respect of the hiring of horses should not be proceeded with.

(Tabled on February 5, 1953)

APPENDIX 10

Question by Mr. D. Fleming

(JANUARY 29, 1953)

What disciplinary action was taken as a result of the Chief Auditor's report of July 19, 1951, on the Engineer Works Detachment at Petawawa.

The Chief Auditor's report of July 19, 1951, was sent to Command Headquarters, Central Command, on the 9th August for investigation and report. On the 10th September and 10th November hasteners were sent by Army Headquarters to Command.

On the 10th November a report was received outlining action or contemplated action on the points brought forward in the Auditor's report. The full investigation of the Army Works Detachment at Petawawa which led to a number of prosecutions was under way at this time.

(Tabled on February 5, 1953)

Canada. Defence Expenditure
Special Committee on, 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

1952/53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS [and reports]

No. 4

TUESDAY, FEBRUARY 10, 1953

VERBATIM DELIBERATIONS

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953

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MINUTES OF PROCEEDINGS

TUESDAY, February 10, 1953.

(5)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Power, Stick, Thomas and Wright.—(26)

In attendance: Messrs. C. M. Drury, E. B. Armstrong, W. R. Wright and Brigadier W. J. Lawson, Department of National Defence.

The Chairman presented the second report of the Sub-Committee on Agenda as follows:

Your Sub-Committee on Agenda held two meetings this day (Thursday, February 5) under the chairmanship of Mr. Croll.

Present: Messrs. Applewhaite, Benidickson (*Vice-Chairman*), Dickey, Fleming, McIlraith, Pearkes, Thomas and Wright.—(9)

Your Sub-Committee recommends

1. That evidence be heard, beginning Tuesday, February 10, from the Assistant Deputy Minister (Finance), *Department of National Defence*, relating to Appendix B of the Currie Report (*page 734 of Hansard of December 15, 1952*);

2. That, on completion of the above, the Committee proceed and inquire into the topics suggested on January 29, (*page 7—Minutes of Proceedings No. 1*) namely *Construction*, in the following tentative order:

1. Acquisition and leases—land and buildings at Esquimalt, Rocky Point and Gage Town by the *Department of National Defence*.

2. A general statement with particular reference to Penhold, Nemeo, Churchill, Cold Lake, Esquimalt, Rocky Point and Gage Town by the President of *Defence Construction Limited*.

3. Married quarters program by President, *Central Mortgage and Housing Corporation*.

3. That the Committee *then* inquire into expenditures for the production and acquisition of aircraft.

Mr. Dickey moved that the above second report be adopted.

Mr. Fleming moved in amendment thereto, seconded by Mr. Pearkes, that the report of the Steering Committee be amended by adding the following:—

That this Committee do forthwith submit to the House of Commons the following as its Second Report:—

In accordance with its order of reference from the House, your Committee has considered the expenditures and commitments of the Canadian

Army Works Services as dealt with in the Report of G. S. Currie, Esq., Chartered Accountant, tabled in the House of Commons on December 15, 1952, has devoted two meetings to hearing the testimony of Mr. Currie with reference thereto, and finds that the said Report has been fully supported in all respects by Mr. Currie in his testimony.

Your Committee recommends that Mr. Currie be authorized to continue his enquiries and conduct an investigation, similar to that already undertaken, into all aspects of organization, accounting and administration of the Department of National Defence.

And a debate arising thereon and continuing, at 1.00 o'clock the Committee adjourned to meet Thursday, February 12th, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

VERBATIM DELIBERATIONS

FEBRUARY 10, 1953.

The CHAIRMAN: Gentlemen I see a quorum. I wish first to present the second report of the Sub-Committee on agenda. (*see this day's Minutes of Proceedings*)

Mr. FLEMING: Mr. Chairman, I would like to say a word about the report and in particular to raise a question—

The CHAIRMAN: Suppose you raise the question immediately afterwards. We will adopt the report and then you may raise the question.

Mr. FLEMING: I would like to raise it now in view of the fact that I dealt with it at the sub-committee meeting last Thursday. Mr. Chairman, I want to draw attention to the terms of reference of this committee. It will be recalled that the motion in original form as introduced in the House by the Prime Minister read to this effect, "that a select committee be appointed to continue examination of all expenditure of public moneys for National Defence", and so on. And then on amendment of Mr. Claxton in the House, the following words were added to the terms of reference, "and initially to give priority in their examination to the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esquire, Chartered Accountant, tabled in the House of Commons on December 15, 1952." Then it proceeds, "and report from time to time their observations and opinions thereon." Now, I want to submit to the committee, Mr. Chairman, that this committee has now carried out what it was directed by the House to carry out initially and that the time has come for an interim report to the House in accordance with the direction from the House in these words "to report from time to time their observations and opinions thereon". I draw attention in the first place to the fact that the Prime Minister in speaking on this subject in the House expressly indicated that this was the course that the committee should have within its power to follow. He said in speaking on January 15, 1953, at page 1027—and here he was dealing with an amendment introduced by Mr. Knowles, and that amendment sought to instruct the committee further to the following effect "and to give consideration to the desirability of recommending that Mr. Currie be asked to continue a further inquiry into all other expenditures and commitments covered by the terms of reference"—the Prime Minister said, page 1027,

Now, with respect to the amendment suggested by the hon. member Your Honour has said that this is a direction which would be in order. It certainly appears to be a direction to the committee to do something that they would have the right to do without being directed to do it, and therefore something within the ruling you had previously made.

I mention that because I am going to ask that the committee include in its interim report to the House, which I am now about to propose, a recommendation in a form somewhat similar to that which was embraced within the amendment of Mr. Knowles then under comment by the Prime Minister in the paragraph I have just read. I draw attention to the fact that the Prime Minister there said "it certainly appears to be a direction to the committee to do something that they would have the right to do without being directed to do it". The amendment of Mr. Knowles was defeated in the House and the matter now

stands on this footing that the committee has the right to do what was contemplated in the amendment of Mr. Knowles even though that amendment was defeated in the House. I submit the committee has now done what the House required of it in Mr. Claxton's amendment: It has given priority in its examination to the expenditures and commitments of the Canadian Army Works Services as dealt with in Mr. Currie's report; and now let us make an interim report dealing with that special subject matter and in making our report let us say to the House, as the fact is, that we have reviewed the report, we have heard Mr. Currie, he has appeared as a witness at its meetings, has answered all the questions put to him and the net result of this investigation of his report and the reception of his testimony is that his report stands absolutely intact. Notwithstanding what may have been a somewhat delicate approach to the report in this committee, and surprisingly enough after the attacks that were made on portions of that report in the House by members of the government, the fact of the matter is that those attacks have been proven to be completely unfounded, they have fizzled out entirely. The report of Mr. Currie stands today upheld, in all respects intact, and in its full integrity. Therefore, I urge, Mr. Chairman, that this committee should so report to the House and this is the time to do it. In the second place I urge that the committee should now report on another aspect, namely, that discussed in the House in relation to the amendment first introduced by the honourable member for Nanaimo which was later ruled out of order, and the amendment of Mr. Knowles which was not ruled out of order but was defeated in the House, and we should recommend to the House that Mr. Currie should be asked to continue his investigation into the organization, accounting, and administration of the Department of National Defence. That is the second branch of the interim report which I urge this committee should make to the House at this time. I draw attention, Mr. Chairman, to two things that have emerged in the testimony received by the committee and the first is that as to those various matters mentioned by Mr. Currie in his report, the horses, the dam, the rails, the refrigerators, and other matters, Mr. Currie has made it abundantly clear that he was simply making certain selections from the available instances of irregularities. By way of illustration, he made it abundantly clear he did not attempt in his report to make a complete enumeration of the irregularities or nature of the types of irregularities disclosed in his investigation. These are instances drawn on for the purpose of illustrating what Mr. Currie made so clear in his testimony before this committee last Thursday. Then in the second place—

Mr. McILRAITH: Are you referring to the evidence on page 32 on that point?

Mr. FLEMING: It is page 71.

The CHAIRMAN: I have no amendment before me. If you have an amendment ready will you let me have it, so we will all know its contents.

Mr. FLEMING: I am going to hand it to you. I am nearly finished.

The second point I want to make in connection with our asking Mr. Currie to continue is that it is evident now as to the extent of the inquiry that he has made into the administration and accounting within the Department of National Defence that there are some very significant statistics which were put before the committee at the opening of the last meeting in reply to a question asked at the previous meeting by my colleague, the honourable member for Kamloops. It has to do with the ratio or percentage of the expenditure of the works company at Petawawa to the total expenditure for all the army works services, for the army, and for the entire Department of National Defence. That will be found in appendix 8 at page 76 of the proceedings of the last date, and there honourable members can see how very slight so far has been the extent of the review within the Department of National Defence.

Now, in the year just about to close on March 31 next we see it estimated that the percentage of the expenditure of the works services at Camp Petawawa, the total expenditure of the army works services throughout Canada, is just 2·6 per cent. We see that the percentage of the expenditure of the works services at Camp Petawawa was just an estimated ·4 per cent of the total expenditures on the army, and also that it is just ·09 per cent estimated of the total expenditure of the Department of National Defence. Now, translating that into more simple terms it means, as I understand it Mr. Chairman, that the army works services at Camp Petawawa, which were the principal subject matter of the report of Mr. Currie, represents ·09 per cent this year of the total expenditure throughout the Department of National Defence, which worked out in plain terms means that just \$9 out of every \$10,000 spent through the Department of National Defence has been reviewed by Mr. Currie at Camp Petawawa. The review as to the works services at other places throughout Canada will not increase that percentage by more than two and a half times. In other words, taking the 2·6 per cent figure that we have in column one and the ·09 figure in the third column, it means, as I have said, that the Camp Petawawa expenditure which Mr. Currie investigated represents just \$9 out of every \$10,000 being spent this year in the Department of National Defence, and the whole expenditure throughout all the army works services in Canada represents about \$25 spent out of every \$10,000 spent through the Department of National Defence this year. It cannot be said, therefore Mr. Chairman, that Mr. Currie's report has done more than show a very very tiny segment of this large and important department. Now, there is one other point that arose in our discussion which you will recall Mr. Chairman in relation to this subject in the sub-committee on agenda. The honourable member for Wetaskiwin, when we were considering the question of reviewing expenses on construction, raised the point that a review of paper reports by the committee would be of little real assistance; that what should be done was that an inspection of the works themselves, an actual inspection, should be carried out and he raised the point of whether a committee or a sub-committee should actually undertake a tour which would take them to these various places where members could make personal observations. Now, Mr. Chairman, I want to express the view that it is not practicable for this committee to undertake a tour of this kind, and even if we did I do not know how many of us can claim to be experts in construction. There is a method by which essential information can be obtained in a way which I think is in keeping with parliamentary responsibility and with efficiency in the conduct of the affairs of this committee, and that is that an investigation should be made in such cases by those who are competent to make it, and that leads us again I think directly to this conclusion that Mr. Currie, with such assistance as he may require, should be instructed to continue his investigation and to complete a review of the accounting, the administration and organization of the Department of National Defence.

And, finally, in case the point should be raised that was raised in the sub-committee that there might be some reluctance on the part of Mr. Currie to undertake another task, I want to say this that I do not believe that a man who has shown in so many ways throughout his life the conception of public duty and public responsibility that Mr. Currie has shown would hesitate to undertake this task if he was asked to do it by the House of Commons.

Therefore, Mr. Chairman, I move, seconded by Mr. Pearkes:

That the report of the Steering Committee be amended by adding thereto the following:—

That this Committee do forthwith submit to the House of Commons the following as its Second Report:—

In accordance with its order of reference from the House, this Committee has considered the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esq., Chartered Accountant, tabled in the House of Commons on December 15, 1952, has devoted two meetings to hearing the testimony of Mr. Currie with reference thereto, and finds that the said Report has been fully supported in all respects by Mr. Currie in his testimony; and

Your Committee recommends that Mr. Currie be authorized to continue his enquiries and conduct an investigation, similar to that already undertaken, into all aspects of organization, accounting and administration of the Department of National Defence.

Mr. McILRAITH: Mr. Chairman, there are two comments I want to make about Mr. Fleming's argument. First of all it is noticeable that no reference is made by Mr. Fleming in his argument about the constructive part of the report. It seems to deal with part one, and I interjected when he was speaking about the part of the evidence when he was referring to the irregularities and he said—page 71—which is my recollection of where that point was once dealt with—I just want to say in reference to part one of the Currie Report as I read the answers given by Mr. Currie on that subject at page 71, in addition to anything that may be capable of in any way supporting Mr. Fleming's argument, he had this to say:

I also said at the last meeting that I seriously considered limiting any particulars about these irregularities.

And then he went on to explain why he considered that.

Mr. FLEMING: Would my friend read the rest.

The CHAIRMAN: Gentlemen, please.

Mr. McILRAITH:

They were being handled outside my purview in the courts, but I felt that because of my terms of reference that I had to refer to them, and I did so; but I did not refer to them all. I gave more the ones that the public knew of, that were illustrative of what was going on.

The third paragraph he dealt with:

I ascertained early in my investigations that the Department of National Defence had already commenced to take active steps to improve conditions and that the results were becoming evident in varying degrees in the various commands.

Then he went on to say—near the bottom:

However, I thought the terms of reference were such that I would be expected to mention these irregularities in the report.

Well perhaps I will read this whole part:

Mr. Chairman, by way of explanation I would like to say this: That in my report one of the problems which confronted me was how I should deal with the irregularities at Petawawa. I seriously considered eliminating any particulars whatsoever seeing that some of them were being dealt with through the courts. It was also impressed upon me that any particulars given by me in my report might prejudice one way or another the cases which were before the criminal courts. However, I thought that the terms of reference were such that I would be expected to mention these irregularities in the report. Now, I draw your attention to a

paragraph on page 11 of my report—page 714 of the Hansard: "In such circumstances, when rigid accounting methods fail, police examination is the only available recourse left. This has been carried out with painstaking thoroughness, and leads me to the belief that most, if not all, the important irregularities have been uncovered. The police, too, have been able to recover by far the greater quantity of the missing goods, and these have been returned to stores."

I would also say that all the cases in the police and provost corps reports are not mentioned in my report or referred to. In the main, however, I took all this material from the R.C.M.P. and the provost corps reports. Some I tested like in the case of the cement, but as I say and emphasize again I was trying to find out what the cause was that these conditions should have occurred.

In other words he deals very fully on this in his evidence and was not cross-examined on that part of the evidence.

Then a second point. I just want to draw your attention to the second base of Mr. Fleming's case. It will be found on the top of page 76. I will leave it to honourable members to read the figures used by Mr. Fleming. They show that at the time of the Currie report the matters dealt with in said report the figures across 49 and 50 are 14·1 instead of the 2·6 used; 2 per cent instead of the ·4 used, and ·69 instead of ·09 and in 1950-51 they show 6·3 instead of 2·6 and 1·4 instead of ·4 and ·37 instead of ·09.

I will leave it to members but it will be seen the figures used relates to a year not yet ended and does not cover the period to which the Currie report applied.

The CHAIRMAN: Just for clarification and in order that you may fully know what the amendment entails, there are two aspects to the amendment. The first part of the amendment, in effect, is to find that the Currie Report has been fully supported in all respects by Mr. Currie in his testimony. The second part of the amendment recommends that Mr. Currie be authorized to continue his inquiries and conduct an investigation, similar to that he had already undertaken, into all aspects of organization, accounting and administration of the Department of National Defence. These are the two aspects in the amendment, so you had better deal with both of them if you are dealing with them at all.

Mr. WRIGHT: I would like to deal particularly with the second part of the amendment, that this committee make to the house a recommendation that Mr. Currie be authorized to continue his inquiry, similar to that which he had already taken, namely, an investigation into all aspects of organization, accounting and administration of the Department of National Defence. You will note that in reply to a question of yours, Mr. Chairman, to Mr. Currie, just prior to the adjournment of his hearing before this committee, at page 68 of the committee report.

By the Chairman:

Q. In your observations you said that there was a general breakdown in the system of administration, supervision and accounting. My question to you is, is that to be applied to the army or to the army works services only?

Well, anyone who read the terms of reference to Mr. Currie from parliament knows that he was only asked to investigate the works services. Mr. Currie's reply was this:

A. Mr. Chairman, as stated, I was reporting on the army works services. I certainly was not condemning the whole army.—

He had not investigated the whole army, so he naturally could not report on it. His reply continues:

—I was reporting on the army works services and my remarks here are intended to apply to that organization.—

He goes on to say:

—They would also apply to other personnel in the Department of National Defence to the extent that by virtue of their positions or appointments they are charged with responsibility for the supervision of the performance of the duties carried out by the army works services in accordance with the army works services regulations.—

Now, to try to say or to indicate that Mr. Currie has in any way made an investigation of any other part of the army than the army works services is, of course, ridiculous. It has been pointed out that the army works services represent a comparatively small part of our total expenditures. I do not care whether you use the figures suggested by Mr. McIlraith, which are here, or the ones suggested by Mr. Fleming; they are all here, and they all indicate that this is a comparatively small part of the total army expenditures which we are making in Canada today.

The CHAIRMAN: Mr. Wright, may I just ask you while you are dealing with this—have you read the question on the top of page 76:

The ratio of the expenditure of the Engineer Works Detachment at Petawawa to the total expenditure of the Department of National Defence the Army and of the Army Works Services for the years 1948 to 1953.

You recall that Mr. Currie said he examined eight other similar camps.

Mr. WRIGHT: Eight other similar camps, of the department of works services. But only works services branches, not any other branch of the army. The Royal Canadian Engineers Works Services are only half of the total engineering corps. They have only to do with the spending of money on construction work and jurisdiction over that type of stores, etc., at the various Royal Canadian Engineers establishments, so it is a comparatively small part of the total army expenditures that we have had any effective examination into today.

We as a committee are sitting here to examine into the expenditures into the army since 1950. Now, can any member of this committee get up and honestly say that by sitting here in a room in the House of Commons with a bunch of papers before us which indicate the contracts that have been let, which indicate the expenditures that have been made, that we can have any idea or can ever have any idea as to whether these contracts have been fulfilled.

Mr. BENIDICKSON: Have you any of those papers? Let us have them.

Mr. WRIGHT: We cannot tell from here whether these contracts have been fulfilled or the expenditures made without an examination on the ground. As the chairman and other members of this committee have indicated, that requires expert advice. Members of this committee are not competent—I am not competent to say whether a construction job has the proper amount of cement placed in the concrete mix which goes into the foundations of all this construction work. It is only a competent engineer who can do that and it can only be done by examination on the ground itself, not by a committee sitting here in the House of Commons. Until this committee has expert advice and we as a committee are prepared to send either the whole committee or a part of the committee along with the experts to examine into these contracts, and examine into the work that was done as a result of these contracts which have been let, only then can we ever hope to determine whether the taxpayers'

money is being spent efficiently or not. Otherwise we are just wasting our time here looking at contracts, because we cannot determine anything from those contracts except that a particular contract was let and that the work was done, and at that we are taking somebody's word that the work was completed according to specifications. I think that the appointment of some competent authority, such as Mr. Currie, to go out and examine into these contracts—

Mr. HUNTER: To see whether the mix is right in the concrete?

Mr. FLEMING: His assistants will do that part of the work.

Mr. WRIGHT: Mr. Currie can certainly obtain an engineer and assistants.

Mr. BENIDICKSON: Why can't we?

Mr. WRIGHT: But is it the intention of this committee to do that? Is it the intention of this committee to do that, to obtain the necessary technical advice, to go out and do the job?

Mr. DICKEY: We are doing it all the time.

Mr. WRIGHT: The parliamentary assistant says "we are doing it all the time".

Mr. DICKEY: You know perfectly well we are.

Mr. WRIGHT: This committee has never done it to date, I sat on the Public Accounts Committee, examining into defence expenditures years ago, and we did not send any experts out and we had no experts made available to us—

Mr. BENIDICKSON: Did you ask for them?

Mr. WRIGHT: —to examine into these expenditures in the field, and I do not know whether it is the intention of this committee to do it or not. I do not think this committee is as competent to do it as some outside authority who can give us technical advice such as suggested by the amendment to the report moved by Mr. Fleming.

There are a lot of things happening in this country. Look at the questions on the order paper. There are over 100 questions on the order paper since the New Year, regarding defence expenditures. These questions do not materialize out of thin air. They go on the order paper because of letters received by members of this house giving them certain information and asking for further information, and if these hundred questions go on the order paper from the opposition members, how many questions are coming to the government side of this house? Certainly they are probably receiving as many or more than we are receiving. Now, these letters indicate something. I have letters in my files which indicate a lot of things and if this committee is going to ignore such matters, the only alternative we have is to turn these matters over to the police.

The CHAIRMAN: Mr. Wright, if you have any information that is in any way useful, I think it is your duty to turn it over to the committee; if you think there is any substance to the information and you are prepared to take some responsibility for it, I think it is your duty to do that.

Mr. DICKEY: It should not be held back for political advantage.

Mr. WRIGHT: It is not being held back for political advantage. If you want the information, you can have it.

The CHAIRMAN: Mr. Wright, you are a member of the agenda sub-committee. You have had ample opportunity to present whatever you wish before the agenda sub-committee. You will have the opportunity again this week.

Mr. WRIGHT: There are certain things which this committee are not allowed to investigate for security reasons.

Mr. DICKEY: Are the letters that you have received all referring to security matters?

The CHAIRMAN: Mr. Wright, if you have any information at all that this committee is not competent to deal with, I think you should turn that information over to the proper authorities who are competent to deal with it, in the interest of justice. I mean the police.

Mr. BENIDICKSON: I don't know of anything yet that has been adjudged incompetent to be considered by this committee.

Mr. ADAMSON: \$667 million with regard to aircraft!

The CHAIRMAN: We will deal with the amendment we have before us at the present time.

Mr. JUTRAS: Mr. Chairman, I think it is quite obvious this morning that this amendment is a new phase of petty political tactics introduced simply to prevent any further examination into this question, and it is clear evidence once more of the complete lack of sense of responsibility of the whole opposition group in this committee, and I cannot do better than use the very words of Mr. Fleming in the house, as reported at page 773 of *Hansard* which apply here very well, and I quote:

If any further evidence is required of the decline of the sense of parliamentary responsibility during the lifetime of the present government, alike on its part and on the part of those who follow it in the house, you have seen it in abundance this day.

I think this applies clearly to the attitude of the opposition this morning. It is quite clear that it is another step to run away from the loose charges and innuendoes that they have placed on *Hansard* all through the discussion before this report was sent to the committee. Mr. Fleming made a big ado this morning about the report standing absolutely intact. I went through the record of *Hansard* and the discussions which took place in the House before the report was referred and I fail to see any incidents in *Hansard* coming from government members that threw any doubts or that had anything to do with the reliability of the Currie Report. On the other hand—

Mr. FLEMING: Are you referring to my hon. friend's remarks in connection with the speech of the Prime Minister?

Mr. JUTRAS: You can take the speeches of practically every member of the opposition and you will immediately see that there were plenty of innuendoes and suggestions made and doubt thrown on the validity of the report.

Mr. MACDONNELL: Could you give an illustration of that?

Mr. JUTRAS: Very simply. You can start with the leader of the group, Hon. George Drew, as illustrated in a speech on page 761, which questions the changes in the report. He says:

... There is not much doubt about who the higher up authorities are, even if we do not yet know whether the unrevised report which has been mentioned in the house is the correct one, instead of the one now before us.

And then he goes on to say:

Mr. Speaker, this report is one which brings us again to certain questions which have been unanswered.—

on page 761 of *Hansard*. And then he makes this statement.

There is a great deal to explain about this report.

Mr. MACDONNELL: Criticisms.

Mr. JUTRAS: And further on:

Further, there are many questions which remain unanswered.

Then we go on to Mr. Harkness, where, on page 747 of *Hansard*, after dealing with the changes in the report again, he has this to say:

Now, Mr. Speaker, these various changes which have been made are, I think, indicative of the attitude on defence matters which we have experienced in this house for some years.

The implication there is quite clear that apparently Mr. Currie is reflecting the attitude of the department, and I could read the rest of the paragraph on that page. In the next column, on the same page:

There has been a constant effort to prevent the true facts as far as defence is concerned being given to this house and to the country. Once more, I protest very strongly against it.

That related to the change in the report. So, if that is not a reflection on the report, I do not know what reflection is.

And so you could run all through the speeches of members, particularly members of the Conservative party, and everywhere you find innuendoes saying there have been changes made, and it is not clear what the man means, and then they have so many questions they want answered, and yet when the witness appeared before this committee they all became tongue-tied and all took an attitude—well, a dumb attitude—not to ask any questions, because all through the appearance of the witness it is significant that not one single question was asked by any of the members of the group. And then again, turning to the words of our friend Mr. Fleming, he dealt with this question of silence in the house and had a great deal to say about it. For instance, on page 773 he says:

I think it may be said, Mr. Speaker, by way of fair warning to this government that if they think that by being parties to some conspiracy of silence they are going to discourage the discussion of this very vital and important report, then they are very much mistaken.

The CHAIRMAN: Gentlemen! Gentlemen!

Mr. JUTRAS: I would just like to repeat those words of Mr. Fleming and try to impress them upon him this morning. If they think they are going to discourage a discussion of this very important question, then they are mistaken. They tried to insinuate that government members—and Mr. Fleming referred to us particularly when he attacked that portion of the report by members of the government, he tried to leave the impression that the reason liberals were not at that time taking as active a part in the debate as they would have wished them to take, he attributed that to embarrassment; and he says on page 774, after referring to the Prime Minister who, in his opinion was very lacking because he had not explained the whole thing, he said:

He has had more than 24 hours to get to the bottom of the matter...

And he was quite shocked that the Prime Minister had not got a full explanation yet. Then he says later on, on the same page 774:

...or has the Prime Minister decided he has had enough embarrassment over this report, and is not going to take the House into his confidence about it?

Thus I wonder at this stage—and it is a fair question—who is running away from the question, and who, apparently, is getting embarrassed? As I say, running through the *Hansard* reports, there are a great many charges made by the opposition.

Mr. FLEMING: Yes, and based on the report.

Mr. JUTRAS: It is amazing to me that the opposition—and I see that Mr. Wright of the C.C.F. party has joined in—has changed its attitude in regard to standing committees. Now, apparently according to them, standing committees can be of no value, it would seem, on anything at all. In other words, committees of the House have become instruments that are ineffective and that cannot conduct an investigation into any question. Yet as I recall Mr. Fleming, I doubt if there is anybody who has advocated more than he has the setting up of standing committees. On practically every occasion he has insisted on getting standing committees appointed.

Mr. BENIDICKSON: Including Defence Expenditures.

Mr. JUTRAS: Yes, including Defence Expenditures; and, as a matter of fact, in the very speech he made on that occasion, he again criticized the Minister of National Defence for not appointing a committee. That will be found on page 776, where he says:

This is the Minister, Mr. Speaker—and you will not have forgotten this fact—who, alike when he was Minister of National Health and Welfare and since he became Minister of National Defence, has been the opponent of the appointment of standing committees of this House...

Now we give them a committee, yet that committee is no good, and it cannot look into any phase of this question. It is quite obvious, Mr. Chairman—and I say this again—that they are just trying to run away from the loose charges which they have made throughout this discussion; and it is quite obvious that they made a lot of charges and are now going to try to close the committee, and close any investigation, so that all those loose charges will remain unanswered upon Hansard.

Mr. FLEMING: Mr. Chairman, I think Mr. Jutras has gone about as far as he could be allowed to go, having regard to the rules governing this committee. The hon. member has taken upon himself to say that we are trying to close up the committee. But we have not done anything of the kind.

The CHAIRMAN: Mr. Fleming, you will have your opportunity.

Mr. JUTRAS: I am talking about the Currie Report.

The CHAIRMAN: Mr. Fleming, that was not the inference that I gathered from it.

Mr. FLEMING: There have been innuendoes all along. I rise, Mr. Chairman, on a question of privilege.

The CHAIRMAN: Mr. Fleming, you rose from your seat and commenced to speak. You did not say you were rising on a question of privilege.

Mr. FLEMING: Well, Mr. Chairman, I am rising on a question of privilege because the hon. member has made imputations, and completely baseless ones at that. He said that I was trying to close up the committee. But my amendment calls for an interim report to the House from this committee.

Mr. JUTRAS: Mr. Chairman, I was referring to the Currie report all the way through my remarks.

The CHAIRMAN: Mr. Jutras has the floor.

Mr. FLEMING: This is the first time I have heard a suggestion put forward seriously by an adult that when you put in an interim report you are trying to close off the committee. This is put forward as a proposed second report to the House, and I said it would be an interim report. There is no reason why the committee should not go on and deal with it and do with it as it may feel it should do.

The CHAIRMAN: There is nothing in what Mr. Jutras said which imputed motives to you, Mr. Fleming.

Mr. HARKNESS: Mr. Chairman, I submit that nothing that Mr. Jutras has said so far has been in order. He is not addressing himself to the matter before the committee at the moment, namely, the motion which we have made. He has taken up all his time so far in making attacks on members of the opposition, and in regard to a statement which he alleges they made, and to innuendoes which he alleges they made in the House of Commons. In other words, everything he has said to this committee has had nothing to do with the motion which is before the committee.

The CHAIRMAN: Mr. Jutras, have you finished? Mr. Hunter has the floor.

Mr. HUNTER: Mr. Chairman, this motion, as I see it, covers two factors, one is the interim report, and the other is a motion that Mr. Currie be empowered to investigate further.

Now, dealing first with the interim report, it is difficult not to impute motives to the mover of the amendment. It will not be an interim report at all. It will be a report which simply says that the report of Mr. Currie be concurred in every way, and that everything is just as it states, and therefore we are through with it. If that is an interim report, Mr. Chairman, I suggest that the mover does not quite understand what an interim report is.

Mr. MACDONNELL: It deals with a tiny fraction only.

The CHAIRMAN: Mr. Macdonnell, you know that the floor will be available to you in due course.

Mr. MACDONNELL: Mr. Chairman, I am only trying to be helpful.

The CHAIRMAN: Well, you are not being very helpful!

Mr. HUNTER: I must thank the hon. member very much for his alleged help. But one of the points which Mr. Fleming made, and he made it over and over again, was that but a very small percentage of the expenditures, namely those at Camp Petawawa, were investigated, and not the total expenditures, first of all, for the Army Works Services in Canada, and secondly, those for the Department of National Defence in Canada.

This is one of those things which I think most of us have been anticipating would come up. Mr. Currie was empowered to investigate the army works services; and while there was emphasis on Camp Petawawa, he went right across Canada to investigate the army works services, and he mentioned the places where he had done so. The official opposition had plenty of opportunity to question Mr. Currie in the matter of the army works services in Canada, not just confined to Camp Petawawa, and if they preferred to sit and exhibit the sulkiness of spoiled children, then they are hardly in a position to come along now and say: "We want to investigate the complete army works services in Canada, because this report covers only a small portion of it." I cannot understand an attitude like that; I think it is badly meant and that it shows bad motives.

The CHAIRMAN: I do not think you are right, Mr. Hunter, in attributing bad motives.

Mr. HUNTER: Very well. I retract, but I think the inference could be drawn from that.

The CHAIRMAN: He has retracted the words "bad motives".

Mr. HUNTER: I think the inference could be drawn from that by some badly intentioned people, that they might have bad motives.

The CHAIRMAN: Wait one minute, please, Mr. Hunter. I think you should withdraw any suggestion of motives that are bad.

Mr. HUNTER: Very well then, Mr. Chairman, I withdraw that unequivocally and by reason of your request. Now, Mr. Chairman, we come to the other part. They have been alleging that things have been said which impute motives, but I think largely the words which have been said were merely quotations of their words, and if they impute motives, they will have to put up with it. They go on and ask that Mr. Currie investigate the whole of the Canadian army.

Mr. FLEMING: And the Department of National Defence.

Mr. HUNTER: And they have said that already his report had been upheld in toto. I read now from page 32 of the proceedings of this committee where the witness, Mr. Currie, at the bottom of the page says:

I would also say that all the cases in the police and provost corps reports are not mentioned in my report or referred to. In the main, however, I took all this material from the R.C.M.P. and the provost corps reports. Some I tested, like in the case of the cement, but as I say and emphasize again I was trying to find out what the cause was that these conditions should have occurred.

And then on page 13, Brigadier Lawson said:

Some of the army provost reports, as often happens in the early stages of an investigation, did contain statements that subsequently proved to be incorrect. Examples of this are statements that horses were placed on the army payroll in the name of labourers and that certain pulpwood had been stolen from the Crown.

Now they go on, and after the committee covers the whole of the Department of National Defence, if they are as interested in it as they say they are interested in the other part of the army works services throughout Canada, I think it would really be foolish to bring in a report if they do not intend to ask a single word on it. Therefore I suggest that to set up a body or a commission, or whatever you wish to call it, to examine the whole of the Department of National Defence would be simply a very expensive duplication of machinery which is already there, and we would be authorizing an expenditure which might run into millions of dollars in order to study something which we do not know even exists; and I would suggest it was an expenditure asked for by the official opposition who are always trying to curtail the budget but always trying to spend more money.

Mr. FULTON: Mr. Chairman, I think it is desirable that we get over the discussion on the merits of the amendment moved by Mr. Fleming and which is now before the committee; but in discussing it I think it is probably necessary to dispose of some of the so-called arguments raised by members of the liberal party against us, and I would refer particularly to the argument—if I might dignify it by that word—put forward by Mr. Hunter. He just said that there is a complete absence of indication that there is any necessity for a further inquiry by Mr. Currie. But it is in the knowledge of every member of this committee, and it is within the knowledge of every Canadian who reads the papers that there are widespread irregularities and thefts going on in the Department of National Defence.

Mr. STICK: Did Mr. Currie say so?

Mr. FULTON: Just the other day the matter was raised in the House by the member for Saint John-Albert, in connection with irregularities in his own constituency.

The CHAIRMAN: The minister gave an explanation, and his statement is on *Hansard*.

Mr. FULTON: Yes, I heard his explanation.

The CHAIRMAN: It seemed to be full and complete.

Mr. FULTON: It was an explanation of what the department was doing, but it was not a denial that the irregularities had occurred there; and furthermore, there are reports in the papers from Victoria, of thefts from the depot at Esquimalt; and there are reports in the press for Friday of last week. I recall the defalcation by an R.C.A.F. paymaster of the sum of \$14,000, which theft had taken place over a period of approximately 14 months; and 14 months had gone by with that theft completely undiscovered; all of which indicate that there is in the wider field of defence expenditures as a whole some breakdown, as Mr. Currie found in his inquiry at Camp Petawawa, and, in a general sense in the army works services as a whole. There is, of course, as will be particularly in the recollection of the members of this committee who are also members of the House, the Murray Report which supplemented the Currie Report although the irregularities antedated the Currie Report—

The CHAIRMAN: Mr. Fulton, you know you are out of order. Let us have an understanding of this to begin with. I am not going to try to shout you out. You know when you are out of order, and you knew it when you started.

Mr. FULTON: I do not accept for a moment your ruling. I am dealing with an argument put forward by Mr. Hunter.

The CHAIRMAN: You are not in order when you bring up what Mr. Murray said. It has nothing to do at all with what Mr. Hunter mentioned.

Mr. FULTON: You will recall in purporting to deal with the case put forward by Mr. Fleming in support of this amendment, Mr. Hunter said there are no indications of any necessity for the wider inquiry which it is recommended Mr. Currie be called upon to perform. I am dealing with this case, that there is a necessity for such a wider inquiry and I am dealing with some of the examples of a similar breakdown as those found by Mr. Currie in his limited inquiries, and I am suggesting that someone like Mr. Currie with his capabilities should undertake the wider inquiry. Mr. Hunter raises the question and Mr. Jutras the same "why didn't we question Mr. Currie?" Mr. Chairman, you will recall that in the House we took the position that the Currie Report spoke for itself; we accepted the Currie Report, and we said there was no need to call Mr. Currie before this committee to question Mr. Currie as to what he had already found, and if my honourable friends of the Liberal party do not accept Mr. Currie's statement in his report in every particular, I wonder why they did not question Mr. Currie on some of the allegations which they now seek by inference to suggest are not accurate. I may only take it from Mr. Jutras' remarks and the applause which greeted them while he was making them that he resents the suggestion which he says was made by the members of the opposition that the members of the government party do not accept the report. That was the whole tenor of his statement and the applause which greeted it showed that it had the general approval. I will take his attitude at its face value. They do accept the Currie Report. That is splendid. So do we. We accepted it in the House and said it was not necessary to waste our time here by reviewing a review which had already been made by a man of Mr. Currie's competence. That is still our feeling. We say it stands unimpaired and strengthened by the very clear, explicit and courageous manner in which Mr. Currie gave his evidence. Now, as to the suggestion that the motion made by Mr. Fleming seeks in any way to cut off the work of this committee, that suggestion does not stand up. You recall Mr. Currie last year was carrying on an inquiry simultaneous in point of time to the work of this committee. If that could be done last year I see no reason at all why it could not be done this year. The motion by Mr. Fleming in no way suggests and cannot be taken as suggesting that we are seeking to cut off the work of this committee. Ever since the committee was discussed in the House what we were trying to do was

to have this committee get on with its work instead of reviewing the work done by a qualified investigator. As to the merits of the motion itself you yourself, Mr. Chairman, pointed out that it is divided into two parts: firstly that it states that the report has been fully supported in all respects by Mr. Currie in his testimony, and secondly, that Mr. Currie be authorized to continue his inquiries and conduct an investigation similar to that already undertaken into all aspects of organization, accounting and administration of the Department of National Defence. On the first branch of that motion I take it again by the remarks of Mr. Jutras that the Liberal members of this committee do accept Mr. Currie's Report. That was the implication and certainly not one of their questions or one of the answers in any way weakened that report. I take it that we can agree that we all accept Mr. Currie's report in toto.

Mr. HUNTER: No, you cannot.

The CHAIRMAN: Mr. Fulton is entitled to speak.

Mr. FULTON: I take it from the murmurs of dissent that the Liberal members of the committee do not accept Mr. Currie's Report in toto. It will be interesting to hear in what respects they do not accept it and why they refrained from asking questions of Mr. Currie while they had the opportunity of asking any questions dealing with any particular aspect of the report on which they do not accept his findings, because I emphasize there was not one question or a reply which in any sense weakened this report. Indeed it strengthened it. The answers he gave strengthen it in every respect. There are horses on the payroll. That is established.

The CHAIRMAN: Mr. Fulton, you are not giving evidence. If you want to give evidence you can do it at a later stage.

Mr. FULTON: I am quoting from the report and investigation and the fact that Mr. Currie was not asked a single question on that point, and I suggest to you, Mr. Chairman, in all seriousness that if any of the Liberal members of this committee are suggesting Mr. Currie was not accurate in that or any respect it is strangely significant that they forebore to ask Mr. Currie any questions in that respect when he was here.

The other point I want to deal with is the suggestion that Mr. Currie should be asked to enlarge his inquiry. Mr. McIlraith has tried to suggest that Mr. Fleming was not accurate in using the figures he did in saying that Mr. Currie inquired into a field of activities representing one-tenth of one per cent of the defence spending, but that is what his inquiries covered. Mr. McIlraith went back to the pre-Korean figures. He went back to the years that were prior to the outbreak of the Korean war, he went back to 1948 and 1949.

The CHAIRMAN: 1949-50.

Mr. FULTON: Whatever years you take you will find that in the six years covered in Appendix 8 (No. 3—printed minutes of proceedings) the maximum of percentage of total defence spending represented by Petawawa is .82 per cent, so Mr. Fleming is perfectly accurate and I am accurate when I say that the only field covered in detail by Mr. Currie represents a maximum of one-tenth of one per cent of the whole field of defence spending.

The CHAIRMAN: Mr. Fulton may I just suggest to you again that you see the wording of the question. This question deals entirely with Camp Petawawa.

Mr. FULTON: I am just going to go on to that point.

The CHAIRMAN: There were eight other camps in which expenditures were made.

Mr. FULTON: What has been said by some Liberal members is that Mr. Currie dealt with the whole army works services. It is a fact throughout Mr. Currie's report that his detailed inquiries dealt only with Camp Petawawa.

Mr. HUNTER: How do you know because you did not ask him.

Mr. FULTON: He did make an investigation of some of the other camps under jurisdiction of the army works services. It is obvious that the only field of the army works services expenditures in which he inquired in any detail was that field confined to Camp Petawawa. If you take these figures in Appendix 8 (No. 3—printed minutes of proceedings), first column, the percentage given and the percentage of National Defence given in the third column, and do a calculation to find out what percentage of the defence spending is represented by the whole of the army works services, you will find it is not more than an average of 5 per cent for those six years. I say again Mr. Currie's detailed inquiry covered only Petawawa, a maximum of one-tenth of one per cent of the whole defence spending.

Firstly, let us have a general inquiry by this man who has shown by his technical qualifications and integrity that possibly he is the best person to make certain inquiries—let us have him make an inquiry into the other 99 per cent of the defence spending, because as I said at the outset incidents which have been brought to our attention indicated that there is evidence of a similar administrative breakdown in the broad field of defence spending and I do not understand why any member of this committee or of the House would reject the suggestion that Mr. Currie make an inquiry into the other 99 per cent of the field.

Mr. CAVERS: It is surprising to me that the request that Mr. Currie should continue his investigation should come from the source it has. Mr. Currie was in this room two days and during that time there were present Mr. Fleming, a man with exceptional cross-examining talents, Mr. Macdonnell a man with a vast background in finance before coming to this House, Mr. Pearkes the leading military authority in Canada, Messrs. Fulton, Harkness and Adamson distinguished military men and parliamentarians, and during those two days not a sound was heard from that quarter. Now at that time they did not ask Mr. Currie whether he would be available to continue with an investigation of this kind. Mr. Currie is a busy man and I would be surprised if he would touch a further investigation with a 15 foot poll. And Mr. Currie was not asked whether he had any further information to give. No question was directed to him on that score. In fact there was nothing said and now we are to request him to go ahead with this inquiry. Why did we not request him when he was here, and why was there so much absence from that section on this part of the committee.

Mr. FULTON: There was not an absence. On a point of privilege I think the word "absence" should be checked because we were present throughout the whole inquiry.

The CHAIRMAN: Replace it with the word "silence".

Mr. CAVERS: I will use the word "silence" instead of "absence". It does seem strange that this would come about at this time. Mr. Currie in his questioning here seemed to be of the opinion that many matters had been corrected and that if certain suggestions and recommendations that were made by him were carried out that all would be well in the department, and I can see no reason why we should entertain the amendment.

Mr. HUNTER: Mr. Fulton in quoting me said I said he had made a broad examination other than at Camp Petawawa and he expressly said—the actual details are given here—I read from the evidence of Mr. Currie when he said second paragraph, page 32:

As will be seen from the report comprehensive general examinations were made at Petawawa, Toronto, London, Borden, Barriefield, Van-

couver, Regina, Quebec and Halifax which in my opinion represented a fair cross section of the army works services.

Thank you, Mr. Chairman.

The CHAIRMAN: You will each have to take your turn as I see you. You will all have an opportunity to speak.

Mr. BENIDICKSON: I think we are wasting a lot of time here on argument and I think that the question we should ask ourselves is whether or not we on this point discharged the direction given to us by the House which is referred to in the direction to give priority in their examination to the expenditures and commitments of the Canadian army works services as dealt with in the report of Mr. Currie.

The question I want to ask Mr. Chairman is, not whether or not this report go up, but does Mr. Fleming feel we have no further requirement of examination in so far as this direction from the House is concerned and need have no more witnesses on the Currie report.

The CHAIRMAN: Mr. Benidickson, it is customary not to ask other members questions while the committee is sitting.

Mr. BENIDICKSON: But it is his amendment. I think it may have merit. Is he satisfied that it has merit for attention, is he satisfied that we should go no further and have no further witnesses in connection with the Currie report?

The CHAIRMAN: The amendment speaks for itself, it says, that the report was supported in all respects by Mr. Currie in his testimony. That is quite clear. It is the amendment we have to deal with.

On that amendment we have been speaking one hour and twenty minutes. I realize this is important but let us cut these speeches down so we can get on with some business.

Mr. BENIDICKSON: But the point is that Mr. Fleming in the agenda committee said he wanted to question additional witnesses in connection with the report.

The CHAIRMAN: There is a witness here today who will deal with appendix B of the Currie report.

Mr. BENIDICKSON: He wants to make a conclusion before he finishes with all the people he wants to examine in connection with the Currie report.

The CHAIRMAN: But surely that is in the knowledge of every member of the committee. Mr. Macdonnell.

Mr. MACDONNELL: Mr. Chairman, I want to make an appeal to government members here because they are not all always unreasonable. I want to bring to their attention certain things that seem to me to be important particularly with regard to the second part of Mr. Fleming's resolution. I want to remind members that when this matter was in the House and the amendment of Mr. Knowles was voted against we asked the Prime Minister to give a reason and the Prime Minister did give a reason and the reason was that he thought this committee could exercise its own good judgment with regard to that matter. I am suggesting Mr. Chairman we are not exercising any judgment as yet, and I see no sign of this thing being looked at—perhaps I am slow in the uptake—but I see no sign of any attempt to exercise judgment in this. I want to put one or two reasons for the motion. We are entitled to see more reasons than the Prime Minister gave.

The CHAIRMAN: You are on a point that is of considerable importance. Have you *Hansard* in front of you for January 15th, when the Prime Minister's statement was made. Will I read it to you?

Hon. MEMBERS: Yes.

The CHAIRMAN:

But in view of all the facts which surround the Currie report at this time, I feel that the committee should be left to its own good judgment as to what it might or might not do in that connection, after it will have had an opportunity of hearing the witnesses including Mr. Currie himself.

Mr. Benidickson makes the point that we are still dealing with the Currie report this morning and we have a witness here whom we have not heard.

Mr. MACDONNELL: I point out to you what I said about the Prime Minister's reasons. It is good sense. We have had Mr. Currie here and the ground is to be gone over again and I just want to make one or two other points. One of the points I am making is to suggest that we as a committee are without expert assistance—and let us be quite frank about it; it must be expert assistance from outside the department, as things are now—at least that seems to me a reasonable suggestion. Then the question was asked why do we need to go outside. We have this report and it is true it deals with only a tiny fraction. That is true. I will not dispute the fraction because it is good enough, but the suggestion is that we do not need anything further on the evidence there is. I make two answers to that and I want to state this in a conservative manner. I do not believe there is any man in this room who has not had 10, 20 or 30 cases brought to his attention, some perhaps exaggerated, some perhaps utterly unfair but we have got them. Let me refer to the one brought by Mr. Shaw which some may think is trivial but that is the kind of thing the rest of us are hearing, and Mr. Shaw, being a better member than I, went out and had a look at the situation. I believe that anyone here who would feel quite free to comment on it quite realistically would say that Mr. Shaw raised a list of questions as long as your arm as to whether there had been gross waste and inefficiency. But I want to come back to Mr. Currie because we have to deal with him. I want to draw your attention to the suggestion that in some miraculous way all the inefficiency and carelessness was concentrated into this one tiny little fraction.

Mr. Chairman, does anyone believe that? Does anyone believe that? Let me read from what Mr. Currie said. Page 714, the right hand column:

My view would be, however, that the generally lax administrative situation would give rise to waste and inefficiency far more costly in loss than that covered by actual defence.

The CHAIRMAN: Actual dishonesty.

Mr. MACDONNELL: Actual dishonesty:

The evidence examined does not disclose irregularities involving relatively large sums of money, but, rather, an impressive array of petty irregularities on an extensive scale.

And, as a matter of fact let us be quite candid. We hear people all up and down the country who say: what are the conservatives making a fuss about?—that there is only a \$56,000 loss.

The CHAIRMAN: \$36,000.

Mr. MACDONNELL: \$36,000. The point I want to make now is that only one man in a hundred in the street knows that the Currie report covered only a tiny fraction. I ran into a highly intelligent man yesterday. He was a lawyer—do you want to correct me on that—and, to my amazement, I found he thought Mr. Currie had investigated everything and this small loss was all—not on a few million dollars but on four billion if we go back to Korea.

Mr. DICKEY: What do you mean by a few million?

Mr. MACDONNELL: Four billion. I said my friend I met yesterday thought this loss of \$56,000 or whatever it is was a loss discovered after investigating the whole of the expenditure of the Department of National Defence instead of the trivial amounts and we have not got that exact figure yet and I am certainly not mentioning it.

Mr. LARSON: Did you correct him?

Mr. MACDONNELL: I did my best. But it throws an onus on us which we have not yet discharged.

The CHAIRMAN: Gentlemen, gentlemen. Mr. Macdonnell you interrupted a couple of times and now they are doing the same to you. They should not.

Mr. MACDONNELL: I would like all I say to be intelligible. Let me state this again. There is the impression that the loss, whatever it is, of \$50,000 or \$36,000 referred to in the Currie report, was a result of an investigation of the whole expenditure of the department this year. If you go back two years you have another two billion roughly and I see quoted that it was in respect of all that instead of a loss on the expenditure of a few million and I do not know how many millions covered by Mr. Currie. I want to refer to just one other thing which I think is important here. I do not believe it has had the attention it should. Mr. Currie makes the statement, and I have found it very interesting indeed and in which he goes fairly far and in which he speaks about—he uses this phrase.

Hon. MEMBERS: Page?

Mr. MACDONNELL: Page 717. I know this is very familiar to members of this committee but I am not going to assume they are not as interested in this as I am.

“What is needed”

Page 717 left hand column.

“ . . . is the creation of a system.”

Mr. Chairman the creation of a system, “designed to fit the economic and efficient administration of a large and long sustained preparedness programme inside a national economy operating at full blast.”

I think this is tremendously significant. In my opinion it indicates a problem of enormous difficulty which we have tried to impress upon the public for a long time and I say to your suggestion that we have further evidence put down, that you can find a refutation of that right in what Mr. Currie has said. I will read what he said at page 68 in answer to questions by you Mr. Chairman:

By the Chairman:

Q. Now, my question, Mr. Currie is this. In your observations you said that there was a general breakdown in the system of administration, supervision and accounting. My question to you is, is that to be applied to the army or to the army works services only?—A. Mr. Chairman, as stated, I was reporting on the army works services. I certainly was not condemning the whole army. I was reporting on the army works services and my remarks here are intended to apply to that organization. They would also apply to other personnel in the Department of National Defence to the extent that by virtue of their positions or appointments they are charged with responsibility for the supervision of the performance of the duties carried out by the army works services in accordance with the army works services regulations.

There is just one thing I want to add, Mr. Chairman. I do feel we should be realistic with each other as to what the committee can do and cannot do. There was something suggested to you this morning which I think was more

valuable as a debating point than as a real approach to these considerations. Let us look at it. There is a bill to incorporate a bank coming up and that bill is coming before the banking and commerce committee and deals with the rather definite question limiting the scope and the banking and commerce committee will have whatever evidence before it it wants and members of that committee will be able to bring to bear whatever judgment they can exact in deciding a clear-cut question.

Does anyone here believe that we here without experienced assistants—and for my part we must face the fact it must be experienced assistants—does anyone here believe that we can do a really workman-like job in that way unless we are going to have someone who will make the necessary inquiries? A statement was interjected as to what will Mr. Currie do, as he is not an engineer. Of course he is not an engineer, and if Mr. Currie has to report he is going to get an engineer to help him. He is a man of affairs who knows how to deal with these things. I must say before I sit down, because it disturbs me greatly, that the Minister of National Defence, the other night in making a speech in the chamber, would lead one to believe that everything was lovely in the garden, and I wondered as I was listening to him had there or had there not been a Currie Report. I think the second part of this resolution is sensible, and if we want to discharge our duty we should accept it.

The CHAIRMAN: Mr. Decore. Not too long, gentlemen; let us get some business done today.

Mr. DECORE: Mr. Chairman, Mr. Wright made a statement a while ago, at least he conveyed the impression to me that he has a lot of information on file by way of correspondence which would indicate that there is considerable in the way of irregularities going on in certain sections of the Department of National Defence.

The CHAIRMAN: Mr. Decore, I do not think that is a matter that should be raised here. We are dealing with a report from our sub-committee and an amendment thereto, I think we should stay with it.

Mr. DECORE: The second part of the amendment reads that further inquiries be continued. My suggestion is that if Mr. Wright or anybody else has any such information, that that information should be laid before this committee right now so we would be able to deal with this matter probably more intelligently, that is, the second part of this amendment. I suggest if Mr. Wright feels he has a lot of information which deals with irregularities that I think he is duty bound to give that information to this committee.

Mr. WRIGHT: Even though it deals with security?

Mr. DECORE: Any information that you have.

The CHAIRMAN: Now, gentlemen. Mr. Wright said that the matter deals with security.

Mr. DECORE: Is that your answer?

The CHAIRMAN: If it is a matter of security, Mr. Wright, and in your opinion it is not a matter that this committee should deal with, I think you should place it before the proper minister.

Mr. WRIGHT: I never said that course will not be taken.

The CHAIRMAN: The next speaker on my list is Mr. Applewhaite.

Mr. APPLEWHAITE: I would like to follow the suggestion made by Mr. Macdonnell and discuss, if I can, from a practical point of view the amendment which has been submitted to us, but may I first say that I think we all rather appreciated and enjoyed the breaking of the self-imposed and painful silence which has held the Conservative members of this committee for some time and which we found a little difficult to appreciate, a silence that they broke for the purpose of making what I am afraid can only be described as sweeping

and unfounded charges. Also, I am quite unable to understand why Mr. Harkness, who moved a resolution that Mr. Currie appear and be questioned on his report, decided that he did not want that procedure followed as soon as the government decided that they did.

Mr. HARKNESS: Did you understand the reverse of that?

Mr. APPLEWHAITE: Yes. At the time you made your motion Mr. Currie's report had not been submitted and was not on the floor of the house.

The question that first comes up to my mind on this amendment is, if you are going to have all your investigating done by a professional investigator, why a committee? I thought it was the desire of all of us, including the official opposition, that as much of the testimony as possible dealing with either the merits or demerits of the defence expenditures in all its branches should be brought before this committee. Mr. Pearkes, who is considered by all to be spokesman of the opposition party on matters of defence, had this to say at page 959 of *Hansard* of January 13, 1953:

I would first like to call attention to the fact that members on this side of the house have for many years been pressing for committees to be set up to discuss and investigate the handling of moneys which were allocated to the Department of National Defence . . .

If this amendment did pass and this committee did, of its own initiative, put the investigating into the hands of an investigator, surely we would not be able to go any further because the matter then would be in the hands of somebody appointed by us, and the only thing we could do would be to sit here and wait for this report to come in.

The next thing that occurs to me is, what about the Department of Defence Production. In speaking of this amendment, Mr. Wright—and I think justifiably—referred to a great amount of construction that we have to investigate. Mr. Macdonnell quoted with approval the investigations of Mr. Shaw in Penhold. Do those matters come under the Department of National Defence? I think not; I think they came under the Department of Defence Production.

Mr. HARKNESS: It is, nevertheless, the expenditure of defence money.

Mr. APPLEWHAITE: Then, if it is the intention, as Mr. Harkness suggests, to read this amendment so that it also applies to the Department of Defence Production, we are going to have a tremendous job on somebody's hands, as I will show you in a minute. But on what evidence can we support this particular amendment? There is not any. Mr. Fulton, I think it was said, there are lots of reports in the newspapers. Is this committee going to take formal action on rumors, on newspaper reports, on anonymous letters in somebody's pockets which we have not even seen? I would suggest this: If we can find a branch or section of the department in which there have been irregularities, that we do that, and I would support a resolution by anybody that a thorough and independent investigation of that department be made, but that evidence has got to be here before us, it has to be on the files of the committee before the committee can take any action based on it.

Nobody has dealt at all with the practical aspects of this thing. I wonder if you could get such an investigation as that particular motion calls for, particularly if we are to accept Mr. Harkness' suggestion that you include defence production, for \$3 million or \$5 million. It would include the Department of National Defence, the army, the navy, the air force, and their subsidiary branches. It would include, I presume, Defence Research, and it would include the Department of Defence Production, and that includes Defence Construction Limited, and it would also mean certain activities of Central Mortgage and Housing Corporation. Can that be done with a staff of 500? I doubt it. About how long would it take? According to Mr. Macdonnell, Mr. Currie's

report, which dealt with a tiny faction of that organization, took from April to December. How long would it take if you were to investigate the whole \$4 billion, to which he refers, in a similar manner and along similar lines to the Currie Report.

Mr. MACDONNELL: It would not have to be in such detail.

Mr. APPLEWHAITE: If they just want a cursory report it is not going to be of much value.

The next question is, why Mr. Currie? This Mr. Currie, who did an excellent job on one service, was not worth a question when he got here. This Mr. Currie, whom we do not know though we could easily find out whether he would undertake it, we do not know whether he has a staff capable of undertaking it. We do not know anything about it at all. We are going to pass a resolution and send it to the House of Commons, not knowing (a) whether he will undertake it, and (b) whether he can do the things we recommend. I do not think that action should be taken. Mr. Fleming said in his opening remarks that he felt sure Mr. Currie would not hesitate to accept such an undertaking on behalf of the government. He could easily have found out, but he did not.

There is another aspect of this thing which I think is of considerable importance. If we were to pass this resolution, and send it back to the house in this form, in my opinion it would be regarded by the whole house as a deliberate effort by a small group, this committee, to flout the expressed will of parliament. The question came up in the House when Mr. Knowles moved a subamendment, which will be found on page 973 of Hansard, and which reads as follows:

...and to give consideration to the desirability of recommending that Mr. Currie be asked to conduct a further inquiry into any other expenditures and commitments covered by the terms of this resolution.

That was debated at length, voted on and defeated, so I submit to you with all seriousness that if we made this report Mr. Speaker would have to rule out of order a motion to adopt this report because it is a matter which has already been decided in this parliament at this session, and not decided pro forma but decided after debate and after a formal vote.

Mr. FLEMING: Will my friend permit a question? Even considering the remarks of the Prime Minister, who said definitely that this committee may make such a recommendation?

Mr. APPLEWHAITE: With all due deference to what you say, no remark by the Prime Minister or the Leader of the Opposition or the Minister of National Defence can override the established rule and practice of the House.

Mr. FLEMING: Was that remark of the Prime Minister in my hon. friend's opinion without any foundation, then?

Mr. APPLEWHAITE: I am not going to be jockeyed by this committee into expressing an opinion on the remarks of anybody in the house. I am expressing my view of what the ruling of the House will be.

Mr. ADAMSON: That statement in the House was made before Mr. Currie's subsequent evidence.

Mr. APPLEWHAITE: I am not concerned with any statement made in the house. I am concerned with the amendment which is before us, and whether we can or cannot pass it, and what will happen in the House if we do pass it.

The CHAIRMAN: Mr. Applewhaite, have you the Prime Minister's statement in front of you, because no one is quoting it properly.

Mr. APPLEWHAITE: You have read it into the record.

The CHAIRMAN: You should indicate fully what the Prime Minister said. I think any statement made by the Prime Minister on the floor of the House

would be very seriously considered by this committee and a great deal of weight would be given to it.

Mr. MACDONNELL: That is what I think.

The CHAIRMAN: That is the opinion of the committee, and Mr. Applewhaite is not detracting from the Prime Minister's statement. This is what the Prime Minister said, on page 1027 of *Hansard*:

... I feel that the committee should be left to its own good judgment as to what it might or might not do in that connection after it will have had an opportunity of hearing the witnesses, including Mr. Currie himself.

One of the members of this committee—Mr. Benidickson—pointed out that the committee has not yet concluded hearing witnesses on the Currie Report.

Mr. APPLEWHAITE: The amendment proposed by Mr. Knowles in the House was in order. It was debated, voted on and parliament expressed its opinion by voting against it.

In connection with one or two of the similar arguments in regard to this matter, Mr. Fleming, in moving his amendment said that the Currie Report remained intact. Mr. Fulton says in support that the Currie Report in toto stands. If that is so, they include in the report, a very important part of the report which after referring to past occurrences then comes up to date and says on page 728, second column:

The over-all situation is, however, by no means discouraging because of the fact that the cure for what has gone wrong in the past can be and, in fact, is being applied.

I do not know why so many people who accept this Currie Report in toto entirely overlook the first paragraph of his concluding chapter, after the author has gone over the history.

This amendment says—I do not quote it entirely, but the wording is to the effect that this committee has considered the expenditures and commitments of the Canadian Army Works Services as dealt with in the report of G. S. Currie. It is not a statement of fact. This committee has started its consideration and if and when we get through with this, the next item on its agenda is further consideration of the expenditure commitments. The agenda says:

That evidence be heard, beginning Tuesday, February 10, from the Assistant Deputy Minister (Finance), Department of National Defence, relating to Appendix B of the Currie Report.

So it is not a statement of fact in the recital to the amendment. It is for those reasons I am going to vote against the amendment.

May I just correct two slight statements—I think it is only fair to do so—which Mr. Fulton was permitted to get on the record. Mr. Currie did state before this committee that the recitals of past irregularities in departments other than the army works services were matters which did not come within his purview. He carefully disassociated himself from those as a finding of fact when he said on page 71 of our evidence:

They were being handled outside my purview

They were, as everyone knows, a recital of various matters included in various Royal Canadian Mounted Police and provost department reports before they had been investigated.

Mr. FULTON: Mr. Chairman, on a point of order, I do not think it should be permitted that a member read one part of one sentence.

Mr. APPLEWHAITE: Very well, I will read the whole paragraph then.

Mr. FULTON: And draw a conclusion which is not justified by it at all.

Mr. APPLEWHAITE: I only wanted to save the time of the committee.

Q. My question is this: Is it right to say that the irregularities in Part 1 of the report, taken from the provost and the R.C.M.P. report were, in the main, illustrative of the cause?

The CHAIRMAN: What are you reading from, Mr. Applewhaite?

Mr. APPLEWHAITE: I am reading from page 71 of the evidence before this committee. I have read the question and the answer is:

A. Yes, that is correct, Mr. Chairman. I also said at the last meeting that I seriously considered eliminating all the particulars about these irregularities. They were being handled outside my purview in the courts, but I felt that because of my terms of reference that I had to refer to them, and I did so; but I did not refer to them all. I gave more the ones that the public knew of, that were illustrative of what was going on.

The CHAIRMAN: Gentlemen, may I suggest this—I am in your hands—but it seems to me that since we have already had one and three quarters of an hour discussion on this amendment, we might reach a conclusion.

Mr. APPLEWHAITE: Mr. Chairman, I do not think it is right that the impression should be left that while we are going to accept the Currie Report in toto and intact we should put on the record the impression that it refers only to Camp Petawawa when, as I read one paragraph from its opening page, that is page 712, as follows:

My investigations have taken me not only to Petawawa, but also to Toronto, London, Borden, Barriefield, Vancouver, Regina, Quebec and Halifax. At all these points comprehensive general examinations were made of works companies and detachments.

The CHAIRMAN: Gentlemen, I have a long list of those who wish to speak.

Mr. STICK: I won't be more than a second, Mr. Chairman.

The CHAIRMAN: Mr. Herridge is first.

Mr. HERRIDGE: Mr. Chairman, briefly I just want to express my support of the amendment and the remarks made by my colleague, Mr. Wright. I was rather surprised to hear Mr. Applewhaite say that we should not take any notice of press reports, rumours, anonymous letters, and gossip.

Mr. APPLEWHAITE: Mr. Chairman, I do not want to raise a point of order, but I did not say that. I said that we should not found a formal action on that, but that we should have evidence before doing so.

Mr. HERRIDGE: I beg your pardon. Perhaps I did not hear you correctly. But surely Mr. Applewhaite must know that all that was discovered was done so as a result of an anonymous letter which was received by the R.C.M.P. and handed over the Department of National Defence. And as far as the expense involved is concerned, I do not think that could be regarded as a sound argument at all, when we come to consider an expenditure of over two thousand million in one year. However, I agree with the previous speaker's main arguments that the Currie Report was only an investigation of a very small portion of the army, and that it gave some grounds or indicated a general state of affairs. I think that the reports in the press—

Mr. STICK: There is the press again!

Mr. HERRIDGE: —are reports of fact and of conviction and that sort of thing; and I think the questions which are on the order paper, as Mr. Wright has said—questions which are asked largely by the opposition, indicate a large public interest in this question. Surely the government members also are

getting a mass of correspondence on the subject, and I am quite sure that all members of the committee would agree that there is great public concern evidenced by the correspondence being received by members of this House. Therefore I think there are safe and sound grounds for supporting this amendment.

The CHAIRMAN: Gentlemen!

Mr. HERRIDGE: I am just about to conclude, Mr. Chairman. Firstly, all of the investigations made by the committee last year and previously found none of the things that have been discovered as a result of Mr. Currie's investigation, which would indicate—

The CHAIRMAN: We were not at that time conducting a police investigation. The R.C.M.P. investigation was in progress at Camp Petawawa and we did not go into Camp Petawawa. Our course was quite right and in the interest of justice.

Mr. BENIDICKSON: What did Mr. Currie discover?

The CHAIRMAN: I shall not allow you to interrupt, Mr. Herridge.

Mr. HERRIDGE: I think from the evidence it is quite obvious that this committee is incapable of carrying out or continuing that type of investigation; and secondly, all the evidence combined would give an indication or a sound reason to think that all is not well in the Department of National Defence; and thirdly, the large sum of money involved and general public concern give us every reason to support this amendment. And in conclusion, I cannot understand why the liberal members of this committee should oppose this amendment for a complete investigation of the whole services.

In the meantime the committee can carry on. There are many questions to be asked and other things to be gone into. But this is the only sound way to get the facts, so far as the Department of National Defence is concerned.

The CHAIRMAN: I have enough requests from members to keep us busy for the rest of the meeting. I think it would be regrettable if we cannot deal with the amendment today so that we can get on with our business on Thursday. I have Messrs. Larson, Dickey, Adamson, and Thomas, etc. Will anybody withdraw his name and let us get the matter voted on?

Mr. STICK: I shall only take a moment, Mr. Chairman. In view of the doubt that may rest in the minds of members as to whether Mr. Fleming's motion is in order, while I shall not question it, I would like to have the rules of the House placed on the record. Therefore I quote from Beauchesne, page 135, rule 332, as follows:

332. It is a rule in both Houses, which is essential to the due performance of their duties that no question or bill shall be offered that is substantially the same as one on which their judgment has already been expressed in the current session.

I shall not comment on it, but I want it to go on the record.

And then on page 196 I quote citation No. 534 as follows:

534. Committees are regarded as portions of the House and are governed for the most part in their proceedings by the same rules which prevail in the House.

I would like that to go in the record in order to clarify the position as to whether or not the resolution or submission made by Mr. Fleming is bona fide or otherwise.

The CHAIRMAN: May I put the question now?

Mr. DICKEY: I have a great deal which I would like to say but I do not propose to say it at the moment. But I would like to say this: that if we have

wasted time this morning discussing this question and if the question has created some difficulty in the committee, then the responsibility for that is the fact that the members who presented this amendment and who have been supporting it in the committee—with the exception of the C.C.F. representative—when they had Mr. Currie before this committee they failed to ask him a single question and they failed to get from him the answers to the very problems that they have been raising this morning. Therefore the only conclusion I can draw is that they were afraid to ask him those questions and that they wanted to argue them without any possibility of having the matter cleared up.

Mr. FLEMING: Mr. Chairman, I submit that this aspersion is completely unfounded, and I must ask that it be withdrawn.

The CHAIRMAN: Let me deal with it.

Mr. FLEMING: Something was said in the House about somebody who was afraid to do something.

The CHAIRMAN: Please let me deal with it. I shall protect you, Mr. Fleming, do not worry.

Mr. FLEMING: I am not asking for protection. I am simply asking that the rules of the House as binding upon this committee be binding upon Mr. Dickey and upon others who are breaking them.

The CHAIRMAN: I think that Mr. Fleming is right. The word "afraid" along with similar words were ruled as being unparliamentary in the House.

Mr. DICKEY: Then I abide by the rules, Mr. Chairman, and I withdraw the word "afraid", and would ask to have substituted therefor the word "unwilling."

The CHAIRMAN: Now, if we are going to continue, I must give every member his turn. I have a lengthy list.

Mr. DICKEY: I shortened my remarks on that basis alone, but if we are going to continue, I would wish to participate.

The CHAIRMAN: Again, I have these names: Mr. Larson, Mr. Adamson, and Mr. Thomas.

Mr. HARKNESS: I have been trying to get the floor, Mr. Chairman.

The CHAIRMAN: I am sorry. One minute. Gentlemen, I wonder if you would be prepared to sit for a few minutes longer and have this matter dealt with so that we can get on. What will happen on Thursday is that everyone will catch his second wind and away we go again. I can see what is happening. Let us try to resolve something today. I do not know if it will make a great deal of difference whether we deal with it now or later, but we will save at least one hour's time, and I think that would be worthwhile. So please let us sit a few more minutes and have this amendment dealt with, so that we can go on with our business on Thursday.

Mr. BENIDICKSON: Does the committee want any more examination of witnesses in connection with the Currie Report?

Mr. FULTON: I would like to abide by your suggestion, Mr. Chairman, if we were sure it would only take a few minutes; but I think it would probably take from one half to three quarters of an hour, and I have an engagement which does not permit me to stay.

The CHAIRMAN: When we come back here on Thursday, everyone will have new arguments and reasons and it may be necessary, in order to get on, that I must limit the speeches to a very few minutes. I may have to do that. I am sorry that we did not get more done this morning.

Mr. MACDONNELL: I think that our arguments will prevail by then.

The CHAIRMAN: The committee is now adjourned until Thursday.

The committee adjourned.

Canada. Defence Expenditure
Special Committee on, 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE
ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS

No. 5

THURSDAY, FEBRUARY 12, 1953

VERBATIM DELIBERATIONS

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MINUTES OF PROCEEDINGS

THURSDAY, February 12, 1953.

(6)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Boisvert, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Power, Stick, Thomas and Wright.—(23)

In attendance: Messrs. C. M. Drury, E. B. Armstrong, W. R. Wright and Brigadier W. J. Lawson, Department of National Defence.

The Committee resumed the adjourned discussion on the motion of Mr. Dickey:

"That the second report of the sub-committee on agenda be adopted."
(See page 77—No. 4—*printed minutes of proceedings*).

And on the amendment thereto of Mr. Fleming, seconded by Mr. Pearkes:

"That this Committee do forthwith submit to the House the following as its Second Report:—

In accordance with its order of reference from the House, your Committee has considered the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esq., Chartered Accountant, tabled in the House of Commons on December 15, 1952, has devoted two meetings to hearing the testimony of Mr. Currie with reference thereto, and finds that the said Report has been fully supported in all respects by Mr. Currie in his testimony.

Your Committee recommends that Mr. Currie be authorized to continue his enquiries and conduct an investigation, similar to that already undertaken, into all aspects of organization, accounting and administration of the Department of National Defence."

After debate thereon, Mr. Thomas moved in amendment to the amendment that the following words be inserted after the word "that" in paragraph 2, line 1, thereof:

following an investigation by the present Defence Expenditures Committee.

After further debate, the amendment to the amendment was resolved in the negative.

After further discussion, Mr. Fleming having requested a recorded vote, the question was put on the amendment and resolved in the negative on the following division:

Yeas: Messrs. Fleming, Fulton, Harkness, Herridge, Macdonnell (*Greenwood*), Pearkes and Wright.—(7)

Nays: Messrs. Applewhaite, Boisvert, Decore, Dickey, George, Henderson, Hunter, Jutras, Larson, McIlraith, Power, Stick and Thomas.—(13)

A further debate arising, Mr. Wright moved that the amendment be tabled until further evidence is heard on Appendix B of the Currie Report.

The Chairman ruled the amendment out of order on the ground that the question had just been disposed of.

And the debate continuing on the main motion of Mr. Dickey, Mr. Fleming moved, seconded by Mr. Pearkes:

That the second report of the sub-committee on agenda be amended by adding thereto the following:—

That the Committee request the production of all reports of the Chief Auditor of the Department of National Defence upon which Appendix B to the Report of Mr. Currie, dated November 26, 1952, is based, i.e., containing reports of accounting irregularities found by the said Chief Auditor in the Canadian Army Works Services, and that the Committee do proceed to examine the same.

And the discussion still continuing, at 1.07 o'clock, the Committee adjourned until Tuesday, February 17, next, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

VERBATIM DELIBERATIONS

FEBRUARY 12, 1953.

The CHAIRMAN: Gentlemen I see a quorum. I had a call from the Minister of National Defence who informed me that he was ready to make all facilities available for inspection by the committee of any of the defence establishments across Canada subject to some special consideration of security. He is prepared to make available transportation, accommodation or access to the fullest possible information. That will be a matter for the committee to decide. We are now resuming the adjourned discussion of the proposed motion by Mr. Dickey.

Mr. DICKEY: My motion related to the adoption of the second report of the subcommittee on agenda.

The CHAIRMAN: Yes, a motion by Mr. Dickey that the second report by the subcommittee on agenda be adopted and the proposed amendment by Mr. Fleming seconded by Mr. Pearkes. I am first going to recognize those who have not as yet had an opportunity to speak on the motion and on the amendment. I have at the present time six names. Starting with Mr. Larson, Mr. Adamson, Mr. Thomas, Mr. Harkness, Mr. Pearkes and Mr. Dickey and after that any of those who have not as yet spoken will be given the first opportunity. Then I hope the committee will consider a second round and it is my earnest hope that they consider it unnecessary.

Mr. LARSON: Most of the matters which I intended to discuss the other day were very ably covered by Mr. Applewhaite, but there are one or two things arising out of the evidence I would like to say. We must realize in the first instance that the government ordered this Currie Report and in ordering it they had only one thought in mind. They wanted independent opinion from some competent person of practical methods of improving the system so as to stop the irregularities as they occurred at Petawawa. The government members of this committee felt it their responsibility to examine Mr. Currie on the report and to question anything over which they had any doubts. Now, that was done. I have never seen any proposal which has ever been put before the House of Commons or one of its committees where members from the opposition did not have at least one point of difference with the suggestions or one useful suggestion to put to the committee or the body that was examining at that time. Now, had they been interested in the situation, surely one of the eminent financial men or military men—

The CHAIRMAN: Gentlemen, please. We did not go into room 277 because it is very difficult to hear there. Now if you gentlemen continue to carry on these private conversations we cannot hear here.

Mr. WRIGHT: On a matter of privilege the speaker just stated that no one on the opposition had seen fit to ask a question.

Mr. LARSON: I will say the official opposition. I did not hear any questions from any part of the opposition.

The CHAIRMAN: The record speaks for you Mr. Wright.

Mr. PEARQUES: It is very hard to hear here. Could the people who are speaking stand up. It would help us greatly. I know that it is unusual to ask that in a committee but it would help.

Mr. LARSON: As I was saying, Mr. Chairman, had there been any real interest in improving the situation one of the eminent military or financial men who sit on this committee would have some interest in questioning the expert that we had hired as to means of improving the situation in the Department of Defence. What happened leads me to believe that Part I of the report was the only part of the report in which members of this committee other than the government members had any interest. Now, I do not like to say this, but it almost appears to me that we are afraid that—

Mr. WRIGHT: On a matter of privilege, I am a member of this committee who insisted that the second part of this report be dealt with and I do not think the speaker's statement that other than the government members were not interested is a correct statement and I think it should be corrected.

Mr. LARSON: Well, all right.

The CHAIRMAN: It was the unanimous recommendation from the agenda committee that we would first deal with Parts II, III and IV.

Mr. LARSON: And then you opened up Part I yourself.

The CHAIRMAN: I said no one would be precluded from going into any portion of the report at any time.

Mr. LARSON: I am afraid certain members of this committee felt that had they gone into the first part. Mr. Currie might say some things which would detract from the apparent political plum which is contained in the first part of the report.

Now, as to the resolution before us I do not see how we can accept in toto the report at this time. Now, there may be other reasons but I put one reason before this committee and that is that on page 718 of the report we have four alternatives. I don't see how it would be possible to accept those four alternatives in toto at the present time. Those alternatives even in the eyes of Mr. Currie had been tried or at least assessed as to their practical working and the government members on this committee interested in those alternatives and interested in improving the situation in the Department of Defence spent a good deal of time questioning Mr. Currie on these various alternatives and their application.

Now, as far as Part I of the report is concerned Mr. Currie enumerated several irregularities at Petawawa, and this is the important point: he made his report up as he stated himself from police and provost reports which were available to him. Now, that is all quite straightforward. He made up the first part of his report on the police reports that were available to him and prosecutions were either under way or completed at the time. Now, he also stated when he was before us that he was not influenced in any way by any government department or by the minister and as far as his report was concerned he said there was only one Currie Report, the report that he signed. This is all very straightforward. I don't see any reason why it requires any approval or otherwise of this committee. Now, as to the part of the resolution asking for the retention of Mr. Currie, Mr. Macdonnell said at page 95, I believe it is, of the evidence: "that we as a committee are without expert assistance and let us be quite frank about it; it must be expert assistance from outside the department." Now,—

Mr. MACDONNELL: That was for the further inquiry.

Mr. LARSON: That is what I am dealing with. That brings up two points. The first is that we are considered in Canada to have a very able and a very non-partisan civil service. Now, would it not be possible to use the civil service to carry out these investigations or are we going to doubt their ability or doubt their honesty possibly? I do not see why we should do that. Now, on top of

that the House of Commons has available to it the Auditor General who has facilities at his command to make any investigations which the House of Commons members require should be made.

Now, Mr. Wright at page 84, I believe it was, in Tuesday's evidence said: "Members of this committee are not competent."

The CHAIRMAN: Give us the location on the page?

Mr. LARSON: The bottom of the page. "Members of this committee are not competent" and goes on to say "I am not competent to say whether a construction job has the proper amount of cement, etc." Well now, in advocating the retention of Mr. Currie—I have just had a chance to go over this evidence very briefly—in advocating the retention of Mr. Currie to carry on further investigations, I believe I heard from other quarters somewhat the same opinion. In view of the pressure which was put on the government to set up this committee from quarters other than the government members it seems a very strange thing that we of this committee find ourselves completely lacking in competence to do this job. The government members on this committee do not claim to be expert engineers but since our constituents felt we had enough judgment to send us down here, I feel we should exercise that judgment and I believe that the government members on the committee share that view, that we should accept that responsibility, exercise that judgment, and carry on with the job which has been put before us. We are prepared to question witnesses and question more witnesses. There are plenty of expert witnesses regarding construction, manufacturing, and all sorts of other phases of defence and defence production. We are prepared to question witnesses until we have sifted to the bottom anything that has to be sifted and I for one feel fully competent, without retaining some outside person to go any further. We must remember that that outside person did the job he was asked to do, that was to examine into the system and find out if there was any improvement which could be made, which he did and the job has been done. Now, it is up to the members of parliament and the civil servants who are employed by the government to carry out that job which has been suggested. I feel government members were satisfied with the report and with the examination we carried on and that we have a very clear view of what has to be done. We have the mechanics for doing it and to go into it fully and we are competent to do that without any further outside help.

Now, there is one other matter that I would like to discuss and that is that government members have often been accused of being influenced by ministers and bureaucrats and people like that but we claim we are not. Nevertheless, that charge has been made. But, if I were an opposition member if there was any suggestions that I as a member of parliament was not capable of carrying out the duties that my people sent me down here to do I would be crying to high heaven if there was any suggestion that authority should be abrogated to somebody outside, and a kind of police should be set up to take away from their authority and act as a kind of watch dog for the government. That type of government has been in existence in Europe for some time and I do not think we would be very happy in living under a government like that. As members of parliament we should exercise our rights and carry on with what we are supposed to do.

The only suggestion I have as a result of this, is that we stop interesting ourselves in raking up much and playing politics and we should get on with the job that has been assigned to us.

The CHAIRMAN: Mr. Adamson.

Mr. ADAMSON: Mr. Chairman, I would merely like to refer to the heading of appendix A of the Currie report which refers to the irregularities uncovered at Petawawa. Now I think from the evidence we have today in the press that

there are certainly very grave defections in this branch and at a great number of other places across Canada which certainly shows that Mr. Currie should be retained to go into the rest of the works services as well as the other branches.

Mr. McILRAITH: Mr. Chairman, on a point of order. I do not think the news stories in the Gazette are evidence before this committee. Surely we would not—anyone can write stories and have them referred to as evidence before the committee.

Mr. DICKEY: Particularly when that news story is based on evidence before the committee which is available to any member of the committee. Why does he not refer to evidence before the committee.

Mr. ADAMSON: Mr. Chairman, that story and other stories like it have appeared in the press.

Hon. MEMBERS: What story?

Mr. ADAMSON: Stories yesterday in the Globe...

The CHAIRMAN: Now, gentlemen.

Mr. ADAMSON: ...and this committee last time it met was asked—certain government members asked that any other evidence of defection should be brought before the committee. While I think a great deal of evidence has been brought certainly before the people of Canada, there are certainly other places where an inquiry would certainly be most desirable. That is why I am certainly supporting that branch of the amendment. Now with regard to the Petawawa situation, here we have over \$7 million in new construction and \$3 million of maintenance, out of a total of \$233 million spent by the works services branch elsewhere. I feel that this is a very definite challenge to this committee, and that we must, if we are doing anything, investigate the other expenses of this works services branch. If there are defections in one small part of the works services branch how can we possibly rest assured, without a careful investigation, that there are not defections elsewhere irrespective of the one or two remarks that were thrown into the report by Mr. Currie.

Now, I certainly feel that that should be done. I also feel that this committee will only get a report containing anything critical at all of the administration if an independent auditor brings down a report. We know exactly what will happen, when the committee reports to the House. There will be, as there was last year, a negative report without any constructive—without any criticism whatsoever of what has happened in the army works services, or any other branch of the services. That is why I believe Mr. Currie should be asked to continue definitely with the army works services and with the other branches of the services.

Coming now to another part, a part entirely away from the Currie report, I feel that this committee this session should certainly not hesitate to go into the questions that were denied us last year. I mention one thing, the three-quarter of a billion dollars for aircraft.

Mr. DICKEY: Surely that is not in order.

Mr. CHAIRMAN: Quite right, we are dealing with the Currie report.

Mr. ADAMSON: All right, we are dealing with the Currie report. I think very definitely Mr. Currie should be requested to continue his investigation and for the reasons I have given.

Mr. THOMAS: Mr. Chairman, I am not going to dig into the argument regarding the Currie report itself. I want to speak briefly on the amendment. I feel that we have to deal with this amendment in two separate parts. As for the first part I would be inclined to support it, although I feel it is premature.

I have certain questions I want to ask on appendix B and I do not feel that this amendment should have been brought in until after the entire report had been dealt with. However, as far as the first part is concerned, that is accepting the report, I feel that I can accept that.

Now, as for the second part, I agree that we certainly should have some sort of investigation into all of this. But I do not feel that that investigation should interfere in any way with any investigations that this committee should carry out.

Now, as for the members of this committee not having the ability to carry out the investigations into these defence plants or constructions, particularly those that I am referring to at the present time, I am not willing to accept that the members of this committee cannot tell whether the paint has peeled off a building, or whether windows are in the right place, or whether the floors have settled, or whether there is the correct type of materials put in the floor, or whether the doors are warped. I think anyone who is a home owner or has at least lived under a roof can tell these things and as far as I am concerned I want to see these things myself.

Now, the second argument against that part is that it is quite evident that government members are not going to accept this amendment and will certainly have something to say when it comes to asking someone to investigate into something when there has not been any evidence put forward that there is something wrong.

I feel there is something wrong, and an investigation should be carried out, but in my opinion the committee themselves should carry out a preliminary investigation to determine whether or not this further investigation should be carried on.

In view of that I would like to move an amendment to the amendment by inserting after the word "that" in the first line of paragraph 2 the following: "following an investigation by the present defence expenditures committee."

Now, Mr. Chairman as this is a special committee...

The CHAIRMAN: Just one minute. Let me see it please.

Mr. THOMAS: ...that does not preclude further investigation by Mr. Currie or anyone else but it does give the committee the opportunity of making a preliminary investigation to determine just how bad things are. I am not going to say anything further at this time.

The CHAIRMAN: Just for clarification look at the amendment on page 77 of the printed evidence.

Mr. THOMAS: Yes, "following an investigation by the present defence expenditures committee Mr. Currie be authorized to continue his inquiries and conduct an investigation" and so on.

The CHAIRMAN: Does everybody understand the sub-amendment?

Mr. THOMAS: I feel this is the proper way to go about it because I am not satisfied that I am not capable to tell whether or not a building is properly constructed.

The CHAIRMAN: Gentlemen, you now have before you an amendment to the amendment. Look at page 77 please—the sub-amendment has added to it in the second paragraph and will read as follows: "your committee recommends that following an investigation by the present defence expenditures committee Mr. Currie be authorized to continue his inquiries and conduct an investigation similar to that already undertaken into all aspects of organization, accounting, and administration of the Department of National Defence." Is that what you mean Mr. Thomas?

Mr. THOMAS: Yes. I might say the reason for that is that I believe that this being a special committee it will be dissolved after this session and an investigation will not be held up.

The CHAIRMAN: We have that clear. We now have the amendment and the sub-amendment. Mr. Harkness.

Mr. HARKNESS: Mr. Chairman, I feel that the remarks made by the liberal members so far have been out of order in that they have not referred really to the amendment made by Mr. Fleming. Rather than that they have been in the nature of a very clear political attack upon conservative members of this committee. I feel, however, that there are a few remarks which were made which I should say something about although I recognize that the whole thing is out of order.

The CHAIRMAN: If you are out of order, Mr. Harkness, and if you call to the Chairman's attention the fact that you are out of order, what is the poor chairman to do.

Mr. HARKNESS: The chairman is in the same situation as the speaker in the House when he allows a member to speak and he knows that member is out of order and then he allows another member to speak on the same subject.

The CHAIRMAN: As a matter of fact I have attempted to keep this committee in order. I had hoped I did not permit anything which would not be in order.

Mr. HARKNESS: There were two or three remarks made by Mr. Jutras which I should like to comment on. At page 87 of the printed evidence he quotes something I said in the House and goes on, referring to changes in the report—he goes on to say—"so if that is not a reflection on the report I do not know what reflection is".

Anything that I have said in the House or anyone else said, and he quoted several other speakers, was not a reflection on the report or any reflection on Mr. Currie, and I want to make that absolutely clear. Any reflections I raised were reflections on the government, not reflections on the report.

On the next page, page 88, Mr. Jutras has to say—down about the middle of the page—"it is quite obvious, Mr. Chairman—and I say this again—that they are just trying to run away from the loose charges which they have made throughout this discussion; and it is quite obvious that they made a lot of charges and are now going to try to close the committee, and close any investigation, so that all those loose charges will remain unanswered upon *Hansard*."

Mr. Chairman, to begin with, no loose charges of any kind were made. I deny absolutely any loose charges were made and certainly neither I or anyone else is trying to run away from anything said. We stand absolutely behind anything said. I say any remarks along that line have no validity or any bearing whatever particularly upon the amendment under discussion. Nearly all of the liberal members of the committee who have spoken have made a great deal of the fact that conservative members of the committee asked no questions of Mr. Currie when he was before the committee. It was the only logical course we could follow. We have said several times why we did that and I do not think there is any secret about it.

We made a point in the House of the fact that the report stood on its own merits and it would only be a waste of time for people in this committee to rehash it and go over it and over it. We made motions in the House along those lines. In other words our position was made abundantly clear, that there was nothing to be gained by bringing the report into committee and rehashing it here and that being the case the only logical thing for us to do

was not to waste time in committee by asking Mr. Currie questions in connection with the report, which of course we followed and that was the proper course.

I can quite understand the concern of the liberal members of this committee over the fact that we did not ask any questions because by making this great fuss about having matters on the report taken up just in committee, actually when they got Mr. Currie in the committee they made little of the thing and as far as any questioning of him, and bringing out any new facts was concerned, they brought out no new facts whatever. In other words, the proceedings in the committee showed that our position in the House was absolutely justified and that there was no good purpose to be served by bringing Mr. Currie before this committee, and that we were just wasting the time of the committee.

Mr. HUNTER: That could possibly be a political statement, Mr. Chairman.

Mr. HARKNESS: I could not hear the remark of the last speaker, Mr. Chairman.

Mr. HUNTER: I said that that possibly could be a political statement.

Mr. HARKNESS: Well, as to that, you may form your own opinions. But addressing myself more particularly to the latter part of the motion of Mr. Fleming that Mr. Currie be authorized to continue his inquiry and conduct investigations similar to those already undertaken in respect to all aspects of the organization, accounting, and administration of the Department of National Defence, I think the point which has been lost sight of as far as the discussion has gone on here, is that as far as the work of this committee is concerned, the most important factor we have to consider is the time element.

This committee simply has not got the time to go into all these phases of organization, accounting, administration, and so on, of the Department of National Defence, apart from any qualifications we may have for that work. Mr. Larson made much of the fact that he was not ready to delegate any of his duties, responsibilities, powers, or anything else to an outside person. But I do not think it is a question of that at all. I think the main factor is the time factor, and that this committee just has not got the time to do that sort of thing; and similarly, we have not got the time as far as construction is concerned, to go out and inspect buildings and try to find out if they were properly constructed or not.

Last year we had 17 working meetings. That is all we had. I hope very much that this year we will not make the mistake which we made last year in this committee of spending half of our available time in going over very minor matters such as the numerous thefts, fires, and so forth, upon which we spent something over half the time of the committee last year, more or less very small matters, and as a result we did not have the time to go into important expenditures which this committee was primarily set up to investigate. So it seems to me that the only practical thing for the committee to do—since somebody spoke of practical considerations at the last meetings—the only practical thing for this committee to do, in view of the fact that our time is so limited, is to adopt the latter part of this recommendation at any rate, and have Mr. Currie, or if Mr. Currie did not feel willing to act, then have someone else who has the same or similar standing and qualifications as Mr. Currie, investigate these matters. Such an investigation can only be made as a result of long, painstaking, and laborious inquiry on the part of someone who has a staff which is trained for that purpose.

I think it is completely senseless to talk of this committee carrying on a job of that sort. All this committee can do is to look at some of these larger and more important expenditures and determine whether they were proper expenditures and whether the materials were actually secured, and things of

that sort. But certainly we cannot go into an investigation of the sort which Mr. Currie carried on at Petawawa, or an investigation, such as men who were building contractors or qualified engineers could carry on, as far as the construction program was concerned.

The CHAIRMAN: General Pearkes.

Mr. PEARKES: Mr. Chairman, I suppose by rights we are speaking to the sub-amendment which has been moved by Mr. Thomas. In the first place he moves a sub-amendment which in fact, I think, indicates that Mr. Currie should be asked to carry out further investigations, following an investigation by the present defence expenditure committee.

I feel, as Mr. Harkness has pointed out in the last few minutes, that there are real difficulties which would face this committee in carrying out a detailed investigation and in deciding just exactly where Mr. Currie should be employed to explore irregularities, if any, which he might have found.

It is the time element. We meet here two mornings a week. Now, there are other committees meeting two mornings a week and I know that there are members on this committee who have been attending other committee meetings on Mondays and Fridays; and so one's whole morning, in fact, the whole morning of every week day is taken up with discussions around these tables. But we have other parliamentary duties to perform as well as sitting on this committee, important as this committee may be. So it seems to me that the only way in which we could carry out these further investigations which would make the sub-amendment practical, would be for us to have the whole time of the committee, sitting permanently; and sitting when the sessions of this parliament were not being carried on. That would mean that we would have to work all summer in order to tour these different establishments all across the country, and in order to be able to indicate to Mr. Currie exactly where he should carry out or start his investigation. So I feel that this sub-amendment really is not a practical one.

I did second the original amendment and I did so because I believed that there had been produced evidence which was adequate to warrant further investigation by a special group of qualified personnel who would be devoting their whole time to inquiring into the general administration and so forth of the department. Now, I base that observation, that there is sufficient evidence already produced, not upon newspaper reports, but on the root causes which were given in Mr. Currie's report and the reasons for the breakdown in the army works services, particularly in the detachment of the army works services at Camp Petawawa.

Those root causes were the sudden expansion of the army in order to meet the crisis which developed when the Korean war broke out, and also the expansion which was necessary in order to meet our obligations under the North Atlantic Treaty Organization; and as a result of that sudden expansion which had not been foreseen, there had been a shortage of personnel.

Examples and instances of it were found in the works services; but there was a shortage of personnel and especially personnel with administrative training, which had brought about the general breakdown in that one particular branch.

The sudden rearmament, and the limited time that there was for re-organization to meet the expansion were the root causes of the trouble. And then, he also went on to explain that another basic cause was the wartime psychology which existed, and he referred to it as existing not only in the army works services but also existing among those who were responsible for supervising and controlling the army works services; and he pointed out that in many of the units, the headquarters and so forth, there were those people who had received all their training in wartime, and who were wholly imbued with

the psychology of war, the feeling that they must get on with the job, that speed was of paramount importance, and that costs were of secondary importance. That there was the feeling that, after all is said and done, the operational side of the work was the important side, and that administration was subordinate to operations.

Now, those are elements which exist not only in the works services, but throughout the services from the very top right down to the units, both administrative and fighting units. So you have the same root causes in every branch of the department, and they were brought to light or highlighted in Mr. Currie's investigation at Camp Petawawa. Therefore I feel that the cause, or the root causes of the breakdown still exist and are existing not in the works services only, but also that these conditions apply to every branch of the service, and that there is full justification for expanding the investigation. That was the reason I seconded the amendment moved by Mr. Fleming.

Now, there are one or two further points I want to clear up. I am most anxious not to attribute bad motives to anybody. I do not regret the trend of the debate the other day in the committee, and I want to avoid anything of that nature.

Mr. Larson, when speaking today was wondering why we did not ask questions of Mr. Currie. I thought that the point had been made clear. We did not do so because we wanted to get on with the job. Mr. Larson asked particularly why we did not ask any questions about the various alternatives which had been mentioned, on pages 718 and 719 of the Currie Report. But we thought that Mr. Currie had made himself crystal clear. He states there:

It would, therefore, appear advisable to adopt alternative No. 1 at the moment and gradually develop the organization along lines suggested under alternative No. 2. The introduction of civilian administrative and technical stores officers, chief foremen of works and estimators would constitute a major step in this direction.

We agreed with that; and it seems to me a perfectly logical way to approach the four alternatives which Mr. Currie suggested. Mr. Currie did not for a moment indicate that he wanted suddenly to apply alternative No. 4. I thought he had been very clear in the statements which he made and I did not really feel that there was any occasion to ask questions on that point. The various recommendations given by Mr. Currie, some 40 of them in number, were quoted in detail. There were one or two questions asked about them and Mr. Currie explained them. Surely it is not the intention of this committee to go into each one of these recommendations—that is the duty of officers of the Department of National Defence and for them to come and tell us if any of these recommendations have been approved. Mr. Currie himself said a great many of these recommendations had already been approved, and I presume that sooner or later we shall get a statement, although statements have already been made both in committee and in the house, indicating the extent to which the department has already adopted many of these recommendations. The report itself says that interim reports have been submitted and there were developments. So, in view of all that I could not see the necessity of asking a lot of questions about that report, and my hope now is, having considered this report, we will feel that we are in a position to say that there is sufficient evidence for us to ask that Mr. Currie carry on his investigations in other branches of the department, because I feel that what I describe as the root causes for the breakdown at the present are causes which are applicable throughout the services as a whole or throughout the Department of National Defence as a whole. Those elements exist in

every branch, and because of that and because of the experience Mr. Currie has had, it seems to me that he, or somebody of his type, is the logical person to continue these investigations, and I do not feel that this committee sitting here twice a week with all the discussion that must take place over all kinds of detail are in a position to come to the kind of examination which I think the people of this country are today demanding.

Mr. DICKEY: Mr. Chairman, would you permit a question? General Pearkes used the phrase "interim reports". I presume by that you are referring to the interim suggestions mentioned by Mr. Currie in his report.

Mr. PEARKEs: Yes, the word is "suggestions".

Mr. DICKEY: The interim suggestions—that is the wording in Mr. Currie's report.

Mr. PEARKEs: Yes. I am not certain that there have been suggestions or interim verbal reports which were made and debated, particularly as far as Halifax was concerned. I do not know whether they were verbal or not, but there were obviously some sort of reports made.

Mr. DICKEY: I think the record should show that the wording in the Currie Report is "interim suggestions".

The CHAIRMAN: The exact wording will be found on page 712 of *Hansard*. Mr. Currie's report:

It should be noted that interim suggestions made by me during my investigations have been already seized on, and important reforms are already being carried out.

Mr. DICKEY: Mr. Chairman, the other day—

The CHAIRMAN: I just want to be very clear. I have just looked at the record. Mr. Dickey has already spoken. He reserved his right at the time to continue his contribution to the debate if the debate was not then concluded. He made it quite clear.

Mr. DICKEY: I will be glad to let anybody else who has not spoken go ahead.

The CHAIRMAN: There are some, but they will have their opportunity after you finish.

Mr. DICKEY: Mr. Chairman, first of all I should like to say that I thought there was a great deal of good sense in the contribution made to this debate by Mr. Thomas, and I have noted with interest the subamendment that he has suggested. I think this subamendment, Mr. Chairman, indicates the fundamental unreality of this debate. It has always been a policy of parliamentary committees, certainly in my experience, to hear first the evidence and then to sit down and consider recommendations.

Now, the amendment of Mr. Fleming is an invitation to this committee to draw and make recommendations before we have heard evidence, or all the evidence, and, with respect, I would suggest that Mr. Thomas's subamendment is asking us to make a decision on our recommendations before we have completed the hearing of the evidence; and for that reason, and I think that is a sufficient reason, every member of this committee should vote against both the subamendment and the amendment.

Now, with respect to the arguments that have been put forward by General Pearkes, to which I have listened with interest, I think that it is fair to say that the complete and full answer to everything he has said is to say that he or any other member who wanted seriously to make a suggestion of the kind that is in the subamendment should have asked Mr. Currie his opinion as to whether or not the kind of investigation they are now suggesting would be justified or necessary. He is an expert to whom they have referred

many times. He, I am sure, would have views on that, and anybody who had any intention of seriously making all these suggestions to the committee would have felt, I think, constrained to ask at least that one question of Mr. Currie. Now they say they were perfectly satisfied with the report and that is the reason that they did not want to ask any questions. Well, Mr. Chairman, the amendment is, as you have pointed out, in two parts. First of all it says that we fully support in all respects the report made by Mr. Currie, and secondly, goes on to the recommendation of a continuation of the investigation. Now, first of all, I think that in asking this committee to make any judgment as to whether or not the Currie Report has been fully supported, we would have to consider not only the Currie Report but what people have said about the Currie Report. The attitude of the government towards the Currie Report is, I think, clear. For example, on December 15 the Prime Minister said at page 642 of *Hansard*, column two, the following—and he is here referring to himself and the Minister of National Defence. He said:

We both felt that it was a matter of such importance that it should be communicated to the house at the earliest possible moment.

And then when Mr. Claxton had returned from Europe and the house met, the first day upon which he could deal with this important matter was on January 13, and at *Hansard* of that day, page 936, in the first column—Mr. Claxton is referring to some of the items in the Currie Report, and he says as follows:

These, and other cases mentioned by Mr. Currie, are the kind of thing that could be gone into further by the committee, if that is its desire. In the department, and in the army, we want to see that everything is done that can be done to discipline those who have been at fault, and so far as is humanly possible to prevent a recurrence.

Now, I think there are many other quotations that I could select, but I think those indicate clearly the attitude of the government towards the Currie Report. Now, what is the attitude of the opposition towards the Currie Report? Well, I think that there again one could make a number of selections. The Prime Minister pointed out in his first statement that he hoped that this would not be used as a weapon of political warfare. The record speaks for itself as to the almost unanimous action of the official opposition at least in seizing anything in the Currie Report that could be regarded as an item of political warfare.

Perhaps their attitude was indicated in the report of the Ottawa editor of *Maclean's*, which I remember reading, where he said that he had talked about the Currie Report to a leading Conservative member and he said candidly that member said "It makes me believe in Santa Claus". I do not think the Canadian people—

Mr. FULTON: They thought of horses instead.

Mr. DICKEY: I do not think the Canadian people would think that the Currie Report would, by any stretch of the imagination, be accepted by anybody with much of the kind of gladness with which children greet Santa Claus. However, we have had some indication of what that attitude is.

In *Hansard* of December 17, at page 875, Mr. MacInnis, of the C.C.F. party, is speaking, and he had this to say:

The first thing I would say in regard to the very fine statement made by the Prime Minister is that he must be naive—and I think he is not—if he believes that an opportunity of this kind could be let pass without political use being made of it by the opposition.

Now, the truth of that statement has been shown on every day in which this matter has been before the House of Commons, and it certainly has been shown on every day that the Currie Report has been considered in this committee by the attitude particularly of the official opposition. And this attitude became so apparent that in *Hansard* of January 20, 1953, page 1173, Mr. Claxton had this to say:

Yet, hon. members opposite have endeavoured to say that we were not treating the report seriously. The hon. member for Wetaskiwin (Mr. Thomas) said, as found at page 1028 of *Hansard*:

The minister intimated yesterday that the report was of very little value.

The hon. member for Lake Centre (Mr. Diefenbaker) said, 'The government intends to do nothing'. There were other hon. member who spoke to the same effect. I do not want to repeat, and I am sure nobody wants me to repeat, what I said a week ago; but I did tell the house precisely what the government and the department had done and were doing in consequence of the report, which I referred to as a very important document, and I referred to its constructive recommendations.

Mr. Chairman, I think in considering this amendment we have to keep in mind, first of all, the clearly expressed attitude of the government to regard the Currie Report as a serious document, and the quite evident attitude of the official opposition to regard it as a weapon of political warfare.

Now, let us look quickly at the evidence of Mr. Currie to see just what Mr. Currie's evidence dealt with and what effect it has on the two attitudes—the one, the attitude of the government, and the other, the attitude of the official opposition. I think it is fair to say that the official opposition have taken the general attitude that the Currie Report contains disclosures of irregularities and unsatisfactory conditions at Petawawa and that this is a tremendous scandal. Well, now, the clearest thing from Mr. Currie's evidence is from the circumstances of his appointment to which he referred, from the wording of his report and from what he stated in this committee that he made no disclosures at all. He says at page 32 of his evidence, and he deals with it in detail—I will not read it, but he described the way he approached these irregularities at Petawawa; and then again at page 71—these have both been referred to previously in this debate—he also said on page 71, about the middle of the page, in answer to your question, Mr. Chairman:

Yes, that is correct, Mr. Chairman. I also said at the last meeting that I seriously considered eliminating all the particulars about these irregularities

Does that look like the statement of an investigator who went in there to find irregularities and to bring out things that were not already known? And he says further on, in that same paragraph:

. . . . I gave more the ones that the public knew of, that were illustrative of what was going on.

Now, the public knew of them, and a lively official opposition should have known of them and should not have regarded these as earth-shaking disclosures. They were serious irregularities and they had been described by the Minister of National Defence last April. Nobody is questioning the seriousness of the things that were disclosed prior to Mr. Currie's activities at Petawawa, but the position of the opposition was that the Currie Report was a tremendous disclosure of the irregularities which Mr. Currie said in his

evidence before this committee was not so. I should think if the official opposition had not agreed with Mr. Currie when he said that, that they would have asked him questions.

Now, take the matter of horses on the payroll which has been repeated and repeated and which my honourable friend Mr. Fulton mentioned just the other day. When Mr. Currie appeared before this committee he was, as were all members of this committee, fully aware of the careful treatment of this matter in the House and particularly by the Prime Minister where he pointed out that the suggestion of horses on the payroll did appear in provost and R.C.M.P. reports but further investigation of the proceedings in the court and the documents which had been examined by the department, the paysheets and all that sort of thing, disclosed very clearly what the actual situation was, that certain employees had been paid \$1.50 as teamsters and that there had been a kickback to a captain and a sergeant of everything but 5 cents of the additional money.

Mr. PEARKES: I wonder if you would be so kind as to put on the record the actual statement of the Prime Minister as he made it on January 12. I think it would help to clear up this situation.

Mr. DICKEY: Let us clear up this situation. The statement was made by the Prime Minister—

Mr. FLEMING: What statement?

Mr. DICKEY: The statement of what occurred at Camp Petawawa.

The CHAIRMAN: We have had a very good morning, everyone has been permitted to present his case as he wishes and as he prepared it. I think Mr. Dickey should be allowed to continue.

Mr. DICKEY: General Pearkes, if you would indicate to the reporter what you want to go on *Hansard* I will quote it and put it on *Hansard*.

Mr. PEARKES: Do you want me to read?

Mr. DICKEY: No.

Mr. PEARKES: Just the statement, of the Prime Minister regarding horses.

Mr. DICKEY: I think the statement, Mr. Chairman, was this: "As this answer will appear to differ from a two-line statement in the Currie Report tabled on December 15 last, I think I should state the facts in this connection so far as it has been possible to ascertain them. I make this qualification because a part of the information is based on statements secured by the police from Sergeant Young who is now in the penitentiary and it is not possible to check all of them from official records.

"In February, 1951, it was decided that an area in what is known as camp X at Petawawa should be cleared as quickly as possible. Teams and teamsters were needed, but only to be available for hire, even though they were to be put on the payroll at the highest rate authorized for tradesmen, namely, that of bricklayers at \$1.50 per hour. As more were needed, Staff Sergeant Young hired horses on his own account from a civilian in Pembroke at \$1 per horse per day plus feed and care, arranged with eight labourers to act as teamsters and had them placed on the payroll"—that is the teamsters—"at \$1.50 an hour as if they themselves were supplying the horses. The men kept their regular pay of 75 cents per hour plus 5 cents additional or 80 cents per hour and turned over the difference to Young."

Mr. FULTON: If that is not horses on the pay roll, I do not know what is.

Mr. HUNTER: Then you do not know.

Mr. DICKEY: The Prime Minister, as I say went on to indicate, and the Minister of National Defence in dealing with the same matter in the House, indicated that a misunderstanding about this situation had appeared in the

police reports and in the provost reports based on the statement of Sergeant Young who was later convicted and sent to the penitentiary for two years arising out of the whole situation.

Mr. MACDONNELL: You would prefer the evidence of Sergeant Young?

Mr. DICKEY: Just a minute. I do not prefer the statement of Sergeant Young. Those who continued to claim that there were horses on the payroll are accepting Sergeant Young, who is now in the penitentiary, as their witness and are denying those facts as placed before parliament by the department.

Mr. HARKNESS: We are accepting the report and the Prime Minister's statement.

Mr. DICKEY: Mr. Currie, I am sure, was fully aware of what the Minister of National Defence said about the same situation in the House and he was aware of the evidence which had been given in this committee by the Judge Advocate General who dealt with this matter and who on page 13 of the printed evidence said and I quote: "Some of the army provost reports, as often happens in the early stages of an investigation, did contain statements that subsequently proved to be incorrect. Examples of this are statements that horses were placed on the army payroll in the name of labourers and that certain pulp wood had been stolen from the Crown."

Now, with the knowledge of these previous statements, Mr. Currie said in his prepared statement to the committee regarding the irregularities at Petawawa, "I would also say that all the cases in the police and provost reports are not mentioned in my report or referred to. In the main, however, I took all the material from the R.C.M.P. and provost reports."

Now, Mr. Chairman, I took that to be an unequivocal statement and I think it is an unequivocal statement by Mr. Currie that the facts contained in his report were as in the R.C.M.P. and provost reports and that he had no quarrel with the additional information that had been given both to the House of Commons and the committee prior to the time he made that statement, and it is also indicative of his attitude that he on page 71 of the printed evidence repeated that statement and underlined it.

Mr. Chairman, it is certainly my view that that single statement alone completely undermined and did away with the whole Tory case as they put it up on the Currie Report. They base themselves on the idea that this was a tremendous disclosure of scandals. Mr. Currie said that he had not been trying to disclose anything, that he had simply taken what was available from the other investigations that had been made. And certainly, Mr. Chairman, the statement of Mr. Currie indicates that he accepted and had no quarrel with the very careful and full explanation which had been given of that one matter by the Prime Minister and the others to whom I refer.

Now, what is left of the Currie Report? There is left Parts II, III and IV, in other words the constructive portion of the report. What has the attitude been on those; what is the Tory position on those? Well, I may well ask, because nobody knows.

Mr. PEARKES: I thought I made that clear.

Mr. FULTON: You do not know because you do not listen.

Mr. DICKEY: This matter was discussed in the House and it has been discussed here. The only reference that I could find in all the Tory speeches in the House to Parts II, III and IV of this report—the only single reference—is found in *Hansard* December 16, page 748, column 1, when Mr. Harkness says: "This report contains a large number of important suggestions for improvement. There is one in particular to which I would just like to pay a small amount of

attention." He certainly carried out, Mr. Chairman, that intention because he had only a few words to say about it. He had the author of that recommendation before him and he preferred to ask him nothing about it.

Mr. HARKNESS: Apparently Mr. Dickey did not read *Hansard* very carefully because I spoke after Christmas and I referred to these recommendations again and one which you did not mention about, setting up a pilot company, and I talked about it for some five minutes.

Mr. DICKEY: I apologize if I have in any way misrepresented the position of Mr. Harkness or his colleagues, but I certainly give him full marks if he spoke about it twice because he is the only one in his group who has spoken about the constructive portions of this report and he is certainly to be complimented in assuming that position.

The CHAIRMAN: The chairman recalls Mr. Harkness speaking about the pilot company because I was following Mr. Harkness very carefully in those days.

Mr. DICKEY: I am not questioning that for a moment. Now, Mr. Chairman, if I can just for a moment direct the attention of the committee to the second part of Mr. Fleming's amendment and deal if I may very briefly with what was said by my friend Mr. Wright and also by Mr. Macdonnell and Mr. Fulton and others; Mr. Wright at the last meeting made certain statements about information that he had available. Now, Mr. Chairman, it is part of my responsibility to deal with matters of that kind and I assure the committee that we have not yet heard from Mr. Wright with respect to these matters and we are anxious to hear from him.

The CHAIRMAN: Mr. Dickey, you are now in my opinion well off the subject of what is before us.

Mr. WRIGHT: If Mr. Dickey has finished I wish to reply to his statement.

The CHAIRMAN: Mr. Dickey is out of order.

Mr. FULTON: He is not out of order, he is inaccurate.

The CHAIRMAN: I do not think this is the time for that statement.

Mr. WRIGHT: As a matter of privilege I think I have the right to reply to Mr. Dickey if he has finished.

The CHAIRMAN: I do not think you have any right to make a reply to a statement which is out of order. It has been ruled out of order. There is nothing to reply to. The statement should not have been made and it has been ruled out of order by the chairman.

Mr. DICKEY: Now, Mr. Chairman, let us not have any misunderstanding. I submit to your ruling but I did think I was in order in referring to what had been said earlier in this debate. If I am out of order I apologize and submit to your ruling. But, with respect to the general suggestion made to this committee by Mr. Wright, by Mr. Macdonnell, by Mr. Fulton, their suggestion is in effect that we substitute for this committee some sort of a super civil service, that will have as its job to check upon and to oversee the present civil service.

Mr. FULTON: On a question of privilege Mr. Chairman since the honourable member has attributed certain statements to me I want to know if we could have indicated on the record where he finds his authority.

Mr. DICKEY: There is not much authority.

Mr. FULTON: No you won't find any.

Mr. HUNTER: I don't think that Mr. Fulton could ever be considered an authority.

Mr. FULTON: Unlike some other members on the committee, I do not profess to be an authority.

The CHAIRMAN: Now gentlemen.

Mr. DICKEY: On page 93 of the evidence in supporting what Mr. Macdonnell had to say previously Mr. Fulton said: "firstly, let us have a general inquiry by this man who has shown by his technical qualifications and integrity that possibly he is the best person to make certain inquiries"—

Mr. FULTON: Mr. Chairman, I—

The CHAIRMAN: Mr. Fulton the committee is not here for the benefit of your interruptions. You have asked a question let him answer it.

Mr. DICKEY: Well Mr. Chairman if—

Mr. MACDONNELL: He is just correcting an inaccuracy.

The CHAIRMAN: No he is reading from the record and I have it here.

Mr. FULTON: Mr. Dickey said I spoke after Mr. Macdonnell and I spoke before Mr. Macdonnell, which incidentally is another inaccuracy.

Mr. DICKEY: If Mr. Fulton has any objection to what I am going to say about the attitude of him and his colleagues I will say that I have not made any detailed marking of his remarks and I won't be able to quote the passages I have in mind and I therefore remove his name from any of my references.

Mr. FLEMING: I think other names will have to be removed too, because there are no such statements.

Mr. CHAIRMAN: That is up to them, Mr. Fleming.

Mr. DICKEY: Mr. Chairman, as I said, the honourable gentlemen were advocating, and I think Mr. Fleming in his amendment is advocating, a complete setting up of some sort of body to do a thorough and complete investigation into the whole workings of the Department of National Defence.

Mr. MACDONNELL: Mr. Chairman, as my name has been mentioned I think I must ask for references too—

The CHAIRMAN: I do not think Mr. MacDonnell you will be quite as lucky because I have marked out a few things you said which bear him out. I think you had better look at the top of page 95.

Mr. DICKEY: Mr. MacDonnell said on page 95:

One of the points I am making is to suggest that we as a committee are without expert assistance—and let us be quite frank about it; it must be expert assistance from outside the department, as things are now—at least that seems to me a reasonable suggestion. Then the question was asked why do we need to go outside. We have this report and it is true it deals with only a tiny fraction . . . etcetera.

Mr. MACDONNELL: I never made any other suggestion but that it should be Currie—

Mr. DICKEY: I think Mr. MacDonnell misapprehends what I have been saying. I have been speaking of the matter as a general proposition.

Mr. MACDONNELL: You said a super civil service.

Mr. HARKNESS: A figment of your imagination.

Mr. DICKEY: No it is not. Anyone who reads the arguments put before this committee can only come to one conclusion and that is that there is a suggestion—that the suggestion here is of a super civil service to look over the civil servants we have now. The people who administer these departments are service officers and civilian employees of the Department of National Defence, and the civil servants of the Department of Defence Production and the Crown employees of the companies of defence production and the Central Mortgage and Housing Corporation.

The suggestion is that we should approach this problem from the point of view that all these people when asked by this committee to give returns and to give statements and to disclose what has been going on are not going to be giving us a correct picture. If we are going to go outside these departments that is surely what we mean. Without labouring the point at all, Mr. Chairman, I for one am not going to be in a position of suggesting that we have any reason at the present time to make any suggestion of that kind at all. What I submit the committee should do is vote down this amendment and let us get rid of some of this shying away from the responsibilities of this committee and let us get down to work and try and come up with some constructive recommendations.

Mr. WRIGHT: On a matter of privilege, Mr. Chairman, you have ruled that what Mr. Dickey has said with regard to myself was out of order, and I cannot use it as a basis of a matter of privilege. I am therefore pressing my matter of privilege on statements made by yourself on page 86 at the top of the page:

Mr. Wright if you have any information at all that this committee is not competent to deal with, I think you should turn that information over to the proper authorities who are competent to deal with it, in the interest of justice. I mean the police.

I have been in the public life of this country for a number of years and I think I know my duties and responsibilities both as a member of parliament and as a Canadian citizen and when I have information which I believe is of importance I turn it over to the proper authorities, and I can assure Mr. Dickey his department will know from these authorities very shortly as to what the matter is and it is only one matter.

Mr. DICKEY: On a question of privilege, may I say to Mr. Wright that my only interest in this matter is for us to be given the opportunity to do anything we possibly can to investigate anything he has got on his mind.

Hon. MEMBERS: Mr. Chairman.

The CHAIRMAN: Just one minute.

Mr. WRIGHT: I do not crow from the housetops. I am turning the matter over to the police which

The CHAIRMAN: You are certainly doing a little shouting if not from the housetops then from very near the top.

Mr. WRIGHT: I was not doing any such thing. I was stating there was certain information in my possession and as a member of this committee I have the privilege of using it when I see fit to use it and under circumstances I see fit to use it.

The CHAIRMAN: That is quite right. All I asked you to do was to turn it over to somebody.

Mr. WRIGHT: I do not like being questioned on what my duties are.

The CHAIRMAN: If you know your duties you should not make statements without being able to back them up.

Mr. WRIGHT: I have backed them up.

The CHAIRMAN: I think you should do it in the proper way.

Mr. WRIGHT: It is being done in the proper way without taking any advice from people who think they know more than others.

The CHAIRMAN: Mr. Wright, I was trying to guide you and help you along so you would not get yourself into further trouble in connection with this Currie business.

Mr. WRIGHT: I do not get myself into trouble.

The CHAIRMAN: The following members have not spoken. Mr. Blanchette, Mr. Boisvert, Mr. George, Mr. Henderson, Mr. James and Mr. Power. Would any of these gentlemen like to speak? The floor is available to them.

Mr. HENDERSON: I would like to say a very few words about this sub-amendment. I associate myself with Mr. Thomas and I think we are competent to carry on this investigation. With respect, I might also say that I think civil servants are competent and are good for us to hear on what they have to say when questioned and I do not think there is any evidence against them.

With respect to the sub-amendment of Mr. Thomas I am afraid I cannot agree. I think it is a little premature before we have questioned witnesses and made our investigation and I cannot agree with the main amendment that we should, as the saying goes, adopt the report in toto at this time. It contains recommendations—alternatives which we cannot all adopt. There are four alternatives starting on page 718 of the report itself. We would be in a fine mess if we adopted every alternative and I do not see how you can get them together. I think we members should ask ourselves these questions and give the people of Canada the benefit of our observations and I do not think we should say or admit that any of us are not competent. I think we should take a lesson from Mr. Currie in his arguments and considerations in this report and I read from page 32 of the evidence given by Mr. Currie. It is in the paragraph partly down the page:

My recommendations were made in an effort to be constructive. . .
I further quote:

. . . There application in some cases may require further detailed study and planning so as to integrate or fit them into the existing system.

I think there is a good lesson in that, Mr. Chairman, which should commend itself to our committee, and further I notice that Mr. Currie has dealt with the alternative number 2 on page 718 on the right-hand column. That is the alternative, it is called the second alternative which deals with the creation of a civilian organization running parallel to a military organization up through commands to army headquarters.

I might say, Mr. Chairman, I am one of the members interested in investigating this alternative further and I think the only way to investigate it is through the civil service, and in relation to this alternative, it encourages me to note in examining that alternative further that Mr. Currie states on page 45 of his evidence in reply to questioning about the build-up and maintenance and looking after of buildings "these boys . . ." and he is referring to young officers, I believe, lieutenants, "are asked to superintend maintenance of buildings and do all sorts of things of that kind." I think we should examine that further because we must realize that young men getting out of universities with very little practical experience are placed unfairly into these positions of looking after maintenance and buildings. There is also another reference that came out in examination of the evidence and that is holding up the supply of proper personnel and payment to proper personnel and I think he mentioned in one place there should be more "hurry up." I think this is very important. We should examine that further, Mr. Chairman, at this time when we have the report to guide us.

The CHAIRMAN: Does anyone else on the original list, wish to speak?

Mr. GEORGE: I am frankly amazed at the line this discussion has taken. Certainly it is the privilege of any honourable member to bring in motions but it seems to me in reading the terms of reference that Mr. Fleming, with

all due deference to his party and to his amendment, I think has disregarded part of the terms of reference, which will be found on the second page of the proceedings number 1 of the committee, three-quarters of the way down:

. . . and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein . . .

What I want to say—and I am not going to re-hash what has been said on this point—is that the amendment moved by Mr. Fleming and the sub-amendment of Mr. Thomas' preclude our continuing to discuss the recommendations by Mr. Currie. There are recommendations there and now I cannot conscientiously say we have dealt with the Currie report because in my opinion we have not. We have lots of information before us and I think we should get on with it.

Mr. BOISVERT: Mr. Chairman, I won't take very much of the time of this committee, but I would like to say a few words. Let us see the amendment first introduced by Mr. Fleming. The second part of the amendment is a recommendation that Mr. Currie be authorized to continue his inquiries and conduct an investigation similar to that already undertaken into all aspects of the organization, accounting and administration of the Department of National Defence.

The first part of the amendment is the reason we should recommend that Mr. Currie continue his inquiry. It is to be found at page 77 of our Minutes of Proceedings in the amendment of Mr. Fleming, and it reads:

In accordance with its order of reference from the House, your committee has considered the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esq., Chartered Accountant, tabled in the House of Commons on December 15, 1952, has devoted two meetings to hearing the testimony of Mr. Currie with reference thereto, and finds that the said Report has been fully supported in all respects by Mr. Currie in his testimony.

I do not agree with this contention and for one good reason, namely, that the first part of Mr. Currie's report is based upon hearsay. He made no disclosures by himself. He read some files made up by someone else. He uncovered some documents, or got those documents from the Civil Service employees. So it all makes hearsay. I do not think there is any evidence before this committee to support seriously the motion made by Mr. Fleming.

Implication is not evidence. Hearsay is not evidence. And all the evidence before us is what we find in Mr. Currie's report about irregularities at Camp Petawawa. Mr. Currie at page 712 of *Hansard* says:

The conclusion I have come to is that while there has been a general breakdown in the system of administration, supervision and accounting, it was only at Petawawa that extensive irregularities over a prolonged period of time took place.

So nothing serious was found by Mr. Currie outside of Camp Petawawa, and what he mentioned in his report that was found at Camp Petawawa was found, again I repeat, not by himself but by somebody else. So it all adds up to hearsay and I do not think this committee is now able to deal with such a case if it is hearsay. So the whole committee should continue its meetings and examine witnesses in order to get all the facts accurately. Mr. Currie is clear about the recommendations which are Parts 2, 3, and 4 of his report. Let us see what he said about them. At page 32 of the evidence I read:

As my investigation proceeded it became apparent to me that the most important feature of my task was, after having ascertained the causes of the deficiencies and irregularities, to make recommendations

from the point of view of security and accounting as to the methods to be adopted to correct the situation found to exist. In this connection it will be observed that the first part of my report consisting of seventeen pages (*Hansard* pages 712-716) deals with the nature of deficiencies and irregularities discovered and the causes thereof and that the remainder comprised in pages 18 to 74 (*Hansard* pages 716-730) and certain appendices contains my recommendations, general and more detailed, as to organization of the Service and methods of control, accounting and security.

My recommendations were made in an effort to be constructive.

And Mr. Currie said that part of his recommendations, during the course of his investigation, were carried on by the department, and the Minister of National Defence, on January 17, had this to say at page 936 of *Hansard*:

I now turn to the constructive part of Mr. Currie's report, his recommendations as to what could be done to improve the situation in the army works services. It seems to me, in all fairness, we should put the report and its recommendations in proper perspective, and relate them to the problems and difficulties which the department, the army and the army works services particularly have encountered since the termination of the second world war—facts which are well known to everyone. I should like also to draw attention to some very important differences between the Department of National Defence and other government departments or indeed the work of the Department of National Defence and any civilian activity.

First of all, if in Mr. Currie's report there is evidence of facts which were not established by himself, then I submit it is the duty of this committee to deal with them and to deal with them as soon as possible. Secondly, if the recommendations made by Mr. Currie were carried out by the Department of National Defence, I think it also should be our duty to find out if those recommendations were in fact being carried out and how effective they were. Therefore I think we should vote down this amendment because, if I may be permitted to say so, I think the attitude which has been taken by the official opposition is one calculated to create a cloud of dust with which to becloud the public opinion of this country.

The CHAIRMAN: Gentlemen, at this moment may I suggest, without making any firm decision, that we deal with the sub-amendment, and then see what happens. We can then decide if there is any purpose in having further discussion. But before we deal with the sub-amendment, is there anything you wish to say?

Mr. FLEMING: Mr. Chairman, as mover of the original amendment I have a very brief reply to make. But I have no objection to the course you have outlined. It does not matter to me whether I speak now on this sub-amendment, or later.

The CHAIRMAN: My difficulty is that I have received two further requests for opportunities to speak. Let us see if we can get a little of the business out of the way.

Mr. WRIGHT: Mr. Chairman, in speaking to the question; Mr. Thomas asked me to second his amendment to the amendment, and I would like to say a word of explanation. I thought Mr. Thomas was entitled to have his opinions placed before this committee, and as he was the only member of his group here, I agreed to second his sub-amendment. I do not know if it is necessary to have a seconder. I did not think it was, but your ruling in committee has been that there should be a seconder to motions. My personal opinion is that the two investigations, one by the committee, and one by Mr. Currie, could

go on at one and the same time because they would be dealing with different subjects. I should say perhaps not on different subjects but on different phases of the same subject. I want to make that explanation.

The CHAIRMAN: We appreciate the fact that you are doing it to bring the matter before the committee. I think it is only proper that Mr. Thomas should have his views before the committee. I am not going to read the amendment and the sub-amendment. I shall just remind you what the sub-amendment intends to do. It reads as follows and I am leaving out the first part:

"... following an investigation by the present defence expenditures committee." Mr. Currie be authorized to continue and so on.

I think everybody understands what it involves. All those in favour of the sub-amendment? All those opposed? It is lost!

We are now on the amendment. Could we not make this agreement among ourselves now: Mr. Fleming, as the mover of the amendment, says he has a few words to say in connection with it. I suggest therefore that we permit Mr. Fleming to take a few minutes, and then vote and dispose of this matter at the present time. We have Mr. Armstrong with us. He has been waiting in the wings for so long that he may have forgotten his part.

Mr. STICK: Does that mean that when Mr. Fleming has spoken it will close the debate?

The CHAIRMAN: If we agree to that. Do we agree? There is no agreement.

Mr. McILRAITH: Mr. Chairman, I would like to reserve my right to speak after Mr. Fleming, but I will waive it now if you think it will shorten things up. I am willing to forego it now, but if Mr. Fleming takes the line again which he took in his opening remarks, then I might want to reply to him.

The CHAIRMAN: I think we have heard from a great number of repliers, even before Mr. Fleming has spoken. That is my difficulty.

Mr. BENIDICKSON: Mr. Chairman, the difficulty has been that those who made any remarks the other day have not been entitled to express any views with respect to the sub-amendment. We have refrained from that this morning.

The CHAIRMAN: Let me say that the debate today has been very well conducted by all sides. I think you have presented your arguments as well as they could be presented. I cannot possibly think of another argument which anyone could offer. I shall have to rule out some of the people because of repetition, but I do not want to do that. However, as the mover, Mr. Fleming has the right to say a word. I do think, if the country is paying any attention to us at all, we shall be starting to look a little foolish if we do not get on with our business.

Mr. FLEMING: Mr. Chairman, my reply will be very brief. I shall simply take up three or four points mentioned in the course of the discussion, principally in the latter part of the arguments this morning, after the last of my Progressive Conservative colleagues had spoken.

The CHAIRMAN: Go ahead, but why not make it two instead of three or four?

Mr. FLEMING: Mr. Chairman, there are just three or four points I want to touch on briefly, and I am prepared to leave on the record the answers of my learned colleagues of the official opposition in regard to the other points raised.

Mr. George raised a point; he looked at the order of reference and he said that we have not yet fully discharged our responsibility under that part of the

order of reference in relation to the Currie Report, and he went on to read the portion that was added in the House to the original terms of reference. He also read these words:

... to report from time to time their observations and opinions thereon and in particular what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, ...

But the words after the word "1952" are not part of the amendment made by Mr. Claxton in relation to the Currie Report. They are part of the terms of the original order of reference. Let us be clear about that.

What we are directed to do in the said amendment, was "initially to give priority in our examination to the expenditures and commitments of the Canadian army works services as dealt with in the report of G. S. Currie."

Now, Mr. Chairman, I submit we have done that, and I submit that this is the proper time to determine our recommendations.

The second point which the Liberal members of this committee have come back to time and again, as Mr. Boisvert did in his concluding words, is the fact that the Progressive Conservative members did not ask Mr. Currie any questions. That apparently has been a major source of irritation to the Liberal members of this committee.

Mr. STICK: Minor, I think.

Mr. FLEMING: I cannot express myself more clearly than to say that, as in the House, so in this committee, we accept the Currie Report, and we say that the Currie Report stands today unchallenged in all respects.

Mr. LARSON: Everybody says that.

Mr. FLEMING: And far from there being any occasion for us, as members of the official opposition, to ask Mr. Currie questions on his report, what about those who undertook to represent the Liberal party in this committee; where were they?

Mr. McILRAITH: Mr. Chairman, on a point of order. Here is precisely the thing. We are now having a rehash of the debate we had in the house. If the hon. member cannot recognize the courtesy that has been extended to him this morning, surely the rest of us have the right to reply.

Mr. FLEMING: I do not see any courtesy received, and I do not recall having received any from the hon. gentleman who interrupted. I am dealing with something that has been discussed in this committee; it has been discussed by every Liberal member and not least of all by Mr. Boisvert in his concluding remarks just now. I am drawing attention to the fact that issue with the Currie Report was taken by Liberal members; it was taken in the house. It was not taken while Mr. Currie was here before this committee.

Mr. McILRAITH: On a point of order, Mr. Chairman. I withdraw my right to speak on this matter, and, I think, properly. We have spent two days debating this amendment. I withdrew my right in order to let the hon. member talk, as he said, three or four minutes, to deal with arguments made here. Now, having done that, surely we are not going to have a rehash of these statements, going back to the debate in the house. Surely there was a courtesy extended to the hon. member in permitting him to do this, but now let us get on with the matter and get a vote.

Mr. FLEMING: I wish to make it quite clear that I am not going to submit to any censoring of my remarks by Mr. McIlraith.

Mr. DICKEY: I think the word "censoring" is out of order.

The CHAIRMAN: I did not hear the word "censoring". The word "censoring", as Mr. Fulton will tell you, is bad, Mr. Fleming.

Mr. FULTON: Spell it c-e-n-s-u-r-i-n-g.

Mr. FLEMING: The word 'censoring' is not unparliamentary. Now, this point has apparently irked Liberal members in this committee. If they do not like the Currie Report, if there is anything in the report that they take issue with, if, as Mr. Boisvert has contended, the conclusions in that report are founded upon hearsay, then why is it that not one Liberal member of this committee, when Mr. Currie was here for two whole days, chose to ask him a single question in relation to these matters upon which they now say that the Currie Report is not fully substantiated. There was not one question asked of Mr. Currie about the reference to horses on the payroll, not a word from all those Liberal members who were so very discreet in their questions.—My, weren't they models of discretion and delicacy in their approach to the questioning of Mr. Currie! Now that Mr. Currie is gone, now that he is away from the committee, they are as brave as lions and as roaring, too, but when Mr. Currie was here they were like cooing doves.

Mr. DICKEY: People in glass houses . . .

The CHAIRMAN: Gentlemen, order, please.

Mr. FLEMING: I did not ask Mr. Currie any questions; I did not have any occasion to. If Mr. Dickey had chosen to question any portion of the Currie Report or any of his conclusions when Mr. Currie was here by proceeding in the proper way of asking Mr. Currie questions about it, then there might have been occasion, but I do not think so, to have asked questions in relation to the answers he might have given. But Mr. Dickey was like the others, very, very discreet. He did not come anywhere near those contentious points. The Liberal members were so far away in their questions, so far removed from the real essentials of contentious points in the Currie Report, that their abstention from asking Mr. Currie questions was really marvellous to behold.

Mr. STICK: You admit they were contentious?

Mr. FLEMING: The only evidence as to contentiousness in relation to any of the contents of Mr. Currie's report has arisen either in the house or now in this committee after Mr. Currie has taken his departure. There did not appear to be anything contentious in that report when Mr. Currie was here and when every member of this committee had full opportunity to ask questions. Nothing new came out of the evidence of Mr. Currie and, therefore, it is timely and proper. Mr. Chairman, that we make our report to the house thereon.

Now, as to the second part of the report—and here we have had suggestions that we are trying to close the committee up—

Hon. MEMBERS: Hear, hear!

Mr. FLEMING: I am speaking on the second part of the amendment. What we are trying by this amendment to do, stripped of all the nonsense that has been contributed to this debate by the Liberal members who have so very carefully avoided the merits of this amendment and dealt with extraneous matters, is to ensure a thorough investigation. The essence of the situation is this. What we want to see done is a thorough, proper and qualified investigation into the Department of National Defence, and there is plenty in what Mr. Currie has said to make it abundantly clear to those who are interested that the only way you are going to get a thorough and comprehensive investigation is the way that this amendment proposes to do it. That is the only way.

Mr. HUNTER: Louder.

Mr. FLEMING: I am quite prepared to talk as loudly as necessary to be heard above the din of these Liberal interruptions.

Mr. DICKEY: An empty barrel makes the most noise.

Mr. FLEMING: We have had suggestions, extraordinary suggestions, from, among others, Mr. Dickey this morning, that this amendment proposes to establish a super civil service. I would deny that. Surely Mr. Dickey by this time would have known what a civil service is, because what we are proposing to do is to have an investigation as to the accounting methods and administration of the Department of National Defence carried out in the way they have been in the Currie Report. The proper way to go about that kind of investigation into this department is indeed not through the civil service. Surely Mr. Dickey is not going to ask that the civil service investigate the administration of any department of government. Is that his conception of the proper function of the civil service? It is not mine. The proper method is that this committee should continue, as we have recommended—should continue in the way that has been discussed in the agenda committee, and that at the same time Mr. Currie should be authorized, and this should be recommended to the house, to conduct a thorough investigation of the whole department in all its accounting procedures and administration. Now there is nothing there to subtract anything from the responsibility of members of this committee or any member of the house, but there is something that imposes a responsibility on members, for this amendment calls for a thorough and comprehensive investigation of this department.

Finally, when I hear remarks this morning by Mr. Dickey to the effect that this is a very important report, I can welcome remarks of that kind even at this late hour, because it illustrates a very different kind of attitude taken towards this report from that taken by the government when this report came into the house. Need I remind you, Mr. Chairman, of the attitude shown by the remarks made by the Acting Minister of National Defence in the first statement he made in the house on this subject, on December 17, when in describing the contents of the Currie Report he said it was “a relatively small matter”, and again, “In the aggregate it is not of very great magnitude”. And then Mr. Howe in an address at Kingston the following Saturday had this to say:

But I also think Mr. Currie, as a professional man, was rather extravagant with some of his statements, when all he was supposed to do was report on facts and suggest improvements.

Well, those who think as Mr. Howe did had their opportunity in this Committee to expose any imperfections in the recommendations of Mr. Currie, but they were silent. Then there was another statement, a statement by the Minister of Fisheries, on the west coast; he referred to the report as “threshing old straw”. Then the Acting Minister of National Defence at Vancouver talked about exaggeration and said that “the report did not cut much ice”. And in Toronto he said this, in January:

In a business as big as defence is today, there will always be untrustworthy people. They are no more numerous at Petawawa than in any other large business.

And at the same meeting he had this to say:

The Currie Report is an exposure of normal thieving.

Well, if that is what Mr. Campney has to say about all the things that went on in the department, then I do not think that we need any further evidence than the kind of evidence we already have, to prove the need of a thorough and comprehensive investigation, which will be accomplished if we adopt the amendment I have introduced.

The CHAIRMAN: All those in favour of the amendment.

Mr. WRIGHT: Mr. Chairman, you indicated a while ago that there were no new points that could be raised with regard to that matter of why we should employ Mr. Currie to continue this investigation. I think I have a new point which arises from a reading of Mr. Currie's report, Appendix B. I think that in Appendix B there is evidence that shows that this Mr. Currie should be asked to continue his investigation. Take page 20 of this report given to us—

The CHAIRMAN: Now, Mr. Wright—

Mr. WRIGHT: That is part of the evidence.

The CHAIRMAN: It is not part of the evidence. That report was given to you as a courtesy to help you to prepare yourself. It has not been tabled and identified.

Mr. WRIGHT: Then I suggest this: that we should see the rest of this before we vote on the amendment.

The CHAIRMAN: Mr. Wright—

Mr. WRIGHT: There are certainly statements contained in this which, to me, give evidence that as far as stocktaking is concerned in the Department of National Defence there just has not been stocktaking in that department in some cases since the war, and we in parliament have voted money to pile up stocks of goods and services in case of an emergency. Certainly the evidence given in Mr. Currie's report is authentic and I do not think anybody denies it. There has been no proper care taken with regard to these resources, for which we voted tens of millions of dollars, and I, for one, am opposed to not having a further investigation by Mr. Currie, because I think what he states in Appendix B is evidence that there has not been proper care taken, that proper care was not taken in one department of the Department of National Defence, which had the spending of but five per cent of the total expenditures. The people of Canada are putting up tens of millions of dollars to build up goods and services in case of an emergency, and we should be prepared to see that those goods are there and properly taken care of, to see that there is proper stocktaking in this department, and our duty will not be performed until we have done that. I feel as a member I have not done my duty, and will not have done it until we have further investigation into other departments to see that the stocktaking records are there, to see what the situation is, and I think Mr. Currie is the most competent person to do that.

The CHAIRMAN: Mr. Wright, Mr. Armstrong has been here for two days waiting to tell you how that is done. As soon as we are finished with the debate on this motion and amendment he will explain that.

Mr. DICKEY: This is the most eloquent argument that I have heard for voting this amendment down.

The CHAIRMAN: He did not intend it in that fashion.

Mr. WRIGHT: I want to move that this motion be tabled until we have heard the evidence on Appendix B of Mr. Currie's report, because after we have heard evidence on this appendix we will be more competent to vote on it.

The CHAIRMAN: The thing for you to do is to vote against it.

Mr. WRIGHT: That disposes of it.

The CHAIRMAN: No, we are going on with Appendix B immediately.

Mr. WRIGHT: I know, and that is why I am moving that this particular motion be tabled.

Mr. DICKEY: On a point of order—the motion has to do with an interim report to the house, and that is what we are voting against, not what the interim report contains.

Some Hon. MEMBERS: Question.

Mr. WRIGHT: If my motion is not in order, I think it should be decided—

Mr. APPLEWHAITE: We have just voted on that question by voting on the motion of Mr. Thomas, the wording of which was:

following an investigation by the present Defence Expenditure Committee.

That motion was formally and properly submitted to us by Mr. Thomas and we voted that down. That very question has been disposed of.

Mr. CHAIRMAN: Gentlemen, you will vote on the amendment by saying yes if you are in favour, and no if you are opposed.

Mr. WRIGHT: You are ruling my motion—

The CHAIRMAN: —out of order.

Mr. FLEMING: May we have a recorded vote?

The CHAIRMAN: Yes. Mr. Clerk, call the roll!

The CLERK: Yes: 7—Nays: 13.

I declare the amendment lost.

Mr. FLEMING: Mr. Chairman, I have another matter to raise. It is another matter which you will recall we had before the steering committee and I raise it now by way of amendment to the report of the steering committee. It is not a matter which I think will take quite as long as the other but I am prepared to go on with it now.

The CHAIRMAN: Was it before the agenda committee?

Mr. FLEMING: Yes.

The CHAIRMAN: What was it, the auditor's reports.

Mr. FLEMING: Yes, the auditor's reports. It very directly relates to the report of the agenda sub-committee.

The CHAIRMAN: Have you a motion?

Mr. FLEMING: I have an amendment.

The CHAIRMAN: Let me have it now. If everybody promises me they will only take a minute apiece I will be very tolerant. We are not going to go into this matter for two more days?

Mr. FLEMING: I hope not. This is a further amendment to the report of the agenda committee.

The CHAIRMAN: Let me have it.

Mr. FLEMING: (*Reading his amendment—see this day's Minutes of Proceedings*).

The CHAIRMAN: Gentlemen, I had anticipated some discussion on this and the reason I asked Mr. Fleming to read his further amendments now was to give you an opportunity to acquaint yourselves with its contents. We will adjourn and that will be the first matter for business on Tuesday.

Mr. McILRAITH: There is one correction in the official report; "eliminating" should appear instead of "limiting".

The CHAIRMAN: The correction is noted.

The meeting adjourned.

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Special Committee on, 1952/53

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HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

Physical &
Applied Sci.
Series

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

TUESDAY, FEBRUARY 17, 1953

CORRIGENDUM

No. 4—Verbatim deliberations of February 10, 1953, page 82, line 25 thereof—the word “*limiting*” should be “*eliminating*”.

MINUTES OF PROCEEDINGS

TUESDAY, February 17, 1953.

(7)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Herridge, Henderson, James, Jutras, Larson, McIlraith, Pearkes, Power, Stick, Thomas, Wright.—(22)

In attendance: Messrs. C. M. Drury, E. B. Armstrong, W. R. Wright and Brigadier W. J. Lawson, Department of National Defence.

The Committee resumed its discussion on the proposed motion of Mr. Dickey:

"That the second report of the sub-committee on agenda be adopted."
(See page 77 of No. 4 of the printed minutes of proceedings).

And on the proposed amendment thereto of Mr. Fleming, seconded by Mr. Pearkes:

That the second report of the sub-committee on agenda be amended by adding thereto the following:—

That the Committee request the production of all reports of the Chief Auditor of the Department of National Defence upon which Appendix B to the Report of Mr. Currie, dated November 26, 1952, is based, i.e., containing reports of accounting irregularities found by the said Chief Auditor in the Canadian Army Works Services, and that the Committee do proceed to examine the same.

Mr. Wright raised a question of privilege with respect to the publication in the press of a document distributed to the members of the committee on February 9 marked "CONFIDENTIAL—NOT TO BE RELEASED".

The Chairman thereupon read a memorandum outlining the circumstances.

Mr. Wright raised a further question of privilege in connection with the cost of copies of the reprint of the Currie Report and the cost of *Hansard*.

Referring to Mr. Fleming's amendment, the Chairman asked Mr. Fleming if he would be prepared to allow his amendment to stand. Mr. Fleming preferred that the Committee proceed immediately to the consideration of his amendment.

After discussion, the question was put on the amendment and resolved in the negative on the following division: *Yeas:* Messrs. Adamson, Fleming, Fulton, Harkness, Herridge, Pearkes, Thomas, Wright.—(8)

Nays: Messrs. Applewhaite, Boisvert, Cavers, Decore, Dickey, George, Henderson, James, Jutras, Larson, McIlraith, Power, Stick.—(13)

The question was put on the motion of Mr. Dickey (*adoption of second report of the sub-committee on agenda*) and resolved in the affirmative.

The Committee proceeded accordingly to the first recommendation of said second report relating to Appendix B of the Currie Report, Page 734 of *Hansard* of December 15, 1952.

The Chairman tabled a mimeographed document containing additional references to Appendix B of the Currie Report. This document was marked Exhibit No. 1.

Mr. E. B. Armstrong was called. He read a prepared statement on the organization of the Chief Auditor Division, Department of National Defence, its function, etc.

The witness' examination was then begun.

Mr. Adamson read and tabled the following list of questions with respect to Wallis House in Ottawa (No. 3—Exhibit No. 1)

1. Was there an engineer's report on the building at time of purchase?
2. If so, who made it?
3. What method is used in estimating the cost of renovating old structures?
4. What commissions, if any, were paid on the purchase thereof and to whom?
5. Were there any adverse opinions about purchase?
6. Was there any inspection of building before purchase and by whom?
7. Was there any check on the heating and plumbing?
8. What is the present state of the structure, and its expected life?
9. Would a new building have been cheaper?
10. What is the cost of the building as it stands?
11. What is the cost of the land?
12. Was the work of renovation done by contract or by the Army Works Services?
13. From whom was it purchased? And what was the purchase price?
14. What is the total cost of structure and land to date?
15. What was total renovation cost?

At 1.05 o'clock, the Committee adjourned until Thursday, February 19, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

FEBRUARY 17, 1953.

11.00 a.m.

The CHAIRMAN: Gentlemen, I see a quorum.

Mr. WRIGHT: Mr. Chairman, there is a matter of privilege which I want to raise before the committee. On page 131 of the last minutes of the committee meeting you stated, when I tried to raise a matter with respect to a paper which was given to us dealing with Appendix B; "That report was given to you as a courtesy to help you prepare yourself. It had not been tabled and identified". I want to draw to your attention the fact that a complete, or almost complete, summary of this paper appeared in the press of the same day. I am wondering if it was given to them for their convenience and if they were allowed to use it before it appeared before the committee.

The CHAIRMAN: I have been asked about this by some members and I think in fairness to the committee I should tell you the circumstances.

In the course of a meeting of the sub-committee on agenda held on Thursday, February 5 last, you will recall a suggestion made to the effect that material requested for tabling before the committee be made available and, whenever possible, distributed in advance of the meeting to afford the members of the committee a better opportunity to familiarize themselves with the subject matter contained in said documents.

"In consequence thereof, on Monday, February 9 last, I instructed the clerk of the committee to have distributed by hand the above document in question known as Appendix 'B'.

"As this document had not been tabled and identified before the committee, I had, before distribution, attached thereon the following note:

Defence Expenditure

Re: Appendix B—Currie Report

CONFIDENTIAL

NOT TO BE RELEASED"

That was done sometime late Monday. On Tuesday we had a discussion here on the amendment and Mr. Armstrong did not have an opportunity to go into the matter on Appendix B. On Thursday we continued with our discussions. On Thursday morning there appeared in the press—I have the *Ottawa Citizen* here, it was a Canadian Press despatch—what purports to be a summary of Appendix B, two paragraphs were added which were not part of the summary and the paragraphs read as follows:

It is bound to provoke a new battle in the committee because opposition members want to see the auditors' reports themselves and not simply abridged summaries prepared by the Defence Department.

And the next paragraph:

The opposition members asked for the reports as a sequel to the Currie Report which described "a general breakdown" in the works services and said "warnings" by the departmental auditors about various shortcomings were not followed up with adequate action and that things went on from year to year, with the situation sometimes getting worse.

I have been able to account for all the copies. There were 30 copies sent over to me by the Defence Department. One copy I kept. 25 copies were distributed by hand to the members of the committee with the warning "Most confidential, not to be released". 2 copies were retained by the clerk of the committee and 2 copies were handed to the senior reporter of committees at the meeting of February 10. No one asked the clerk to see the two copies that are in his possession and no one asked the reporters to see the two copies that are in their possession. That is all I can tell you Mr. Wright.

Mr. WRIGHT: The other question of privilege I wish to raise is based on the fact that we were told, and I checked it because I inquired of the Queens' Printer whether I could obtain any further copies of *Hansard* of December 15 with this report as an appendix and it was out of print. You or someone else had some copies printed which were distributed to us. I inquired if I could purchase some of these copies. We had some requests for them and as a matter of fact I purchased them but I was charged 25 cents. It appeared in *Hansard* of something over 100 pages as an appendix which was sold for 5 cents. I am wondering just why the charge should be 25 cents for an appendix to *Hansard* of over 100 pages. Are the government not anxious to have these distributed?

The CHAIRMAN: Mr. Wright, I think we were informed by the clerk that December 15 *Hansard* was out of print. We obtained some copies as you indicate. I don't know anything about the charges but I presume they are the normal charges for a document that had to be set up new again in print. I think Mr. Knowles perhaps could tell you about the probable cost of printing better than I could. But I assure you that to anyone who orders copies they are available. The cost of living has gone up and I suppose the cost of printing has also gone up. Is not this a matter for the committee on printing.

Mr. DICKEY: The cost of *Hansard* at 5 cents a copy bears no relation to the cost of reprinting.

The CHAIRMAN: We have heard Mr. Fleming's amendment:

That the committee call for the production of all reports of the Chief Auditor of the Department of National Defence upon which Appendix B to the report of Mr. Currie, dated November 26th, 1952, is based, i.e., containing reports of accounting irregularities found by the said chief auditor in the Canadian Army Works Services, and that the committee do proceed to examine the same.

Let me say, Mr. Fleming, I have given this matter some thought. It occurs to me that until you hear the evidence of the witness that we have before us your amendment is premature. May I suggest that at this time you allow your amendment to stand with the right to reintroduce it on notice at a later time. If that is acceptable to you, perhaps we can proceed in that fashion. If it is not, then we will proceed with your amendment. I would ask each of you to limit your remarks to not more than five minutes. Those who follow please avoid repetition, otherwise I will have to call your attention to repetition. Would you consider withdrawing your amendment at the moment with the right to reintroduce it at a later time?

Mr. FLEMING: No, Mr. Chairman, and I will give you the reasons.

Mr. JUTRAS: You are accepting the motion as in order?

The CHAIRMAN: Yes.

Mr. FLEMING: Out of courtesy I want to give you the reasons and the first is that this is introduced as an amendment to the report of the agenda committee and I assume we can only proceed with Mr. Armstrong's evidence if the agenda committee's second report is adopted. The second is there is a point involved here in which I think—

The CHAIRMAN: I had intended that we adopt the report, proceed, and give you the right to deal with your amendment at a later time on notice.

Mr. FLEMING: I don't see how that could be done because my amendment is in amendment to the report. I intend to be brief. I will touch on what I think are the essential points.

Mr. JUTRAS: Mr. Chairman, you accepted the amendment as in order, I don't think Mr. Fleming should deal with the question whether it is in order or not in my humble opinion.

Mr. FLEMING: I was just meeting briefly the point the chairman raised which I thought out of courtesy I should. I had finished that. The second report of the agenda committee, paragraph 1, recommends as set out on page 77 of our proceedings, "that evidence be heard, beginning Tuesday, February 10th from the assistant deputy minister of Finance, Department of National Defence, relating to Appendix B of the Currie Report." Now, it is that paragraph from the agenda committee report that my amendment relates to because what is involved there is, as we have seen from the document that has been submitted to us, and to which the chairman made reference this morning—the text of the reports of the chief auditor of the Department of National Defence—and this amendment is designed to put the committee on record as calling for the production of those reports in their entirety. Now, there are two references to these reports in Appendix B made by Mr. Currie in his report at page 724 of *Hansard*, column 1, the third paragraph, under the heading "operation of the system." Mr. Currie says, "Appendix 'B' classifies the various accounting irregularities found by the chief auditor of the Department of National Defence. Examination of the accounts at Petawawa and elsewhere confirmed these findings. It is obvious from this appendix that the system has not been effective and that conditions existing prior to 1949 were still in existence."

He is speaking there of the period 1950, 1951 and 1952. And again on page 725, the first column, second paragraph from the bottom under the heading "cost accounting", Mr. Currie says:

The operation of the cost accounting system cannot be considered satisfactory until irregularities such as those outlined in Appendix "B" are stopped.

And on page 734 of *Hansard* we have Appendix B which purports to analyze under some 16 types of irregularities the findings in 156 reports of the chief auditor of the Department of National Defence. And my submission to the committee, Mr. Chairman, is precisely the same as I made to the steering committee when it had its two meetings a week ago last Thursday: If we are going into this matter we should go into it thoroughly, we should see those reports and make our own conclusions from them and draw from those reports whatever we think as a committee of the House of Commons is relevant to the inquiry. The fact of the matter is that we have here a department that is under fire in the light of the findings and conclusions in Mr. Currie's report and Mr. Currie has drawn attention in this analytical form to these 16—I should say 20—classes of irregularities and I think it is the duty of the committee appointed by the House of Commons within its scope of reference to look at those reports themselves. What we are offered instead is apparently a digest; it is a document and a digest of the auditors observations followed by a report from the command of A.H.Q., and in my submission that is not enough under the circumstances; it is not enough to indicate what we have under the heading "auditors observations" or even verbatim quotations from the auditors reports, and it looks like a digest. I think the committee should be satisfied with not less than the production of the full report. It was indicated to us by yourself in the committee that if we pressed for submission

to the committee of the full report that the Department of National Defence might refuse. Well, Mr. Chairman, I think that would be a deplorable course for the department to take. I don't think we are obliged in this committee to fashion our course on the assumption that the department is not going to produce reports which this committee should properly think should be produced for inspection. We do know Mr. Currie made use of these reports. He evidently saw the reports themselves and attached very considerable importance to them and if he saw those reports in their entirety and attached considerable importance to them, I do not see how this committee could be satisfied with seeing anything less than the full contents of the reports and I can not see any question of security here. There is the very important question here as to whether we are going to be able to do a thorough job or be satisfied with second or third hand materials handed to us by a department which has first of all been placed under fire by the findings of Mr. Currie; and therefore, Mr. Chairman, without further comment or discussion I do urge that the committee do pass this amendment and call for the production of all reports of the chief auditor of the department upon which Appendix B to which I referred is based, and that the committee do proceed to examine the same.

Mr. APPLEWHAITE: Mr. Chairman, I would suggest that this is an extraordinary amendment introduced by the gentleman who brought it in because I am sure there is no one in the House of Commons and certainly no one on the committee who has better legal knowledge of what is and is not a privileged document, what is compellable and what is admissible, than Mr. Fleming has, but he has brought in this amendment, to use his own words: we call for documents which this committee has not any authority to call for; and I think we will have to take a minute to look at it from the point of view of the powers of the committee.

A committee's terms of reference give it the right to send for persons and papers, but that does not mean it has the right to send for any person or any paper it may see fit. It can never go any further than the House could have gone and as a matter of fact a committee cannot go as far as the House of Commons itself can go. For instance, the House can pass an address to His Excellency for certain papers and if the committee wanted papers of that nature they would have to go to the House of Commons and ask them to pass an address. We, as a matter of fact, could not call for an address, it would call for an order. This is covered in Beauchesne. One sentence in May covers it: Nor can a committee require an officer of a public department to produce any paper which, according to the rules and practice of the House, it is not usual for the House itself to order to be laid before it. The question is whether it would be usual under the rules and practice of our House for the House itself to order the production of this type of paper.

May I just point out that auditors' reports and police investigations are very similar. And in general an auditor's report is the report upon which, if there has been a suspicion of wrong-doing, the action is taken to punish as a result of the wrong-doing shown up by an auditor's report. That is particularly true in the cases that we are considering. The resolution asks for the production of auditors' reports upon which the summary in Appendix "B" is to be found. I am of the opinion that in some of the cases at least referred to, to put it mildly, disciplinary action will have been taken in the army. In other words, the report made by the departmental auditor in the long run has very much the same result as a report made by the criminal investigation branch by the Mounted Police or by somebody of that description.

Now then, what has been our practice in connection with the reports which by their very nature must, at least in the first stages, be confidential, and you

will find—and this matter has come up within the memory of each one of us here—in *Hansard* for 1952 at page 1956, you will find a case—I am not going to read excerpts from it—in which copies of evidence taken on an investigation on an alleged misconduct were asked for by Mr. Diefenbaker, were refused by the government on the ground they were reports inside the department of a confidential nature which the House did not have to produce. The House divided, not on a ruling but a motion, and the House decided by a recorded vote that they were not compellable documents.

On *Hansard* page 1646 we have an even more appropriate case to Mr. Fleming's motion, and I am going to take the time to read Mr. Garson's statement, page 1646, *Hansard* dated April 28, 1952. Mr. Coldwell had moved for a copy of a report made by "F" division C.I.D., Regina town station, Royal Canadian Mounted Police, dated March 20, 1952, with respect to the Animal Contagious Diseases Act. Then Mr. Garson said:

Mr. Speaker, I am informed that the report to which the hon. member for Rosetown-Biggan refers as having been made by "F" division, C.I.D., Regina town station, R.C.M.P., dated March 20, 1952, with respect to the Animal Contagious Diseases Act, is a report made to his superior officers by a constable of the Royal Canadian Mounted Police acting as an investigator in this matter. The Department of Justice and the government have consistently taken the position that reports made to their superior officers by members of the Royal Canadian Mounted Police concerning investigations which they have been instructed to conduct have always been withheld from production in the House of Commons upon the ground that it is not in the public interest to produce them.

The reasons for the taking of this position will be obvious to anyone who gives the matter thought. Not only are the police investigators instructed to ascertain all the relevant facts, but they are encouraged to submit to their superior officers their own theories and their own hypotheses as to what interpretations might be drawn from these facts in further investigation into the matter. They are encouraged to suggest further lines of inquiry. They are encouraged, and indeed instructed, in the case of an investigation into a crime, to suggest in strictest confidence all those whom they regard as possible suspects, however slight may be their own reasons for suspecting these other persons, in order that their superior officers to whom these confidential reports are made, by considering these confidential reports along with other confidential reports received from other investigating officers, draw conclusions as to what further investigations may be necessary or even ultimate conclusions as to guilt and the identity of the guilty party or parties.

If the investigating officer does not know at the time he makes his report that it will be privileged "from publication he, I suggest, will be hesitant about suggesting hypotheses, particularly in scientific and other fields in which, if he is not qualified as an expert witness, his oral evidence would not even be received. He will be most hesitant about naming suspects if he knows that the names of such suspects are to be published and their reputations prejudiced or ruined when in fact they may be completely guiltless. Therefore the production of these confidential reports would destroy much of their value. For these reasons the Department of Justice and the government feel that in the present instance we must follow our uniform and invariable practice of refusing to table the confidential report referred to in the honourable member's motion.

Without arguing the matter further but to give members the background necessary I will submit the following citations.

Later Mr. Garson said:

May I clear up a point? I was not suggesting any guilt was necessarily involved in this particular report. My point was that when in the preparation of police reports they have to make suggestions, express their own ideas and name suspects, the whole system of obtaining such reports would be invalidated if at the time they were prepared it was known they were going to be published.

Mr. WRIGHT: Did not Mr. Garson say there also that the police officer—

Mr. APPLEWHAITE: I read every word Mr. Garson said on that whole matter.

The CHAIRMAN: Just let him finish.

Mr. APPLEWHAITE: What I was going to say Mr. Chairman—I will pass this over to Mr. Wright—was that all these remarks in that short statement of Mr. Garson would apply with very great strength to the auditor's report and internal reports in connection with the investigation of a department.

I have two more references I wish to give the committee. They are nothing like as long. In *Hansard*, June 30th, 1943, page 4197 there was quite a lengthy argument and Mr. Speaker said this:

The leader of the opposition (Mr. Graydon) made the argument that because the Minister of Finance had referred to some excerpts from the report, therefore he was bound to produce the report; but in this instance the Minister of Finance was not founding an argument or proving an assertion; he was simply stating from that report the reason why the report should not be produced. Therefore, in my judgment, the Minister of Finance is not bound to table the report by reason of the fact that he made references to an excerpt from it.

Mr. FLEMING: Mr. Applewhaite what was the report, under what section?

Mr. APPLEWHAITE: This was a report in connection with the National Finance Committee of 1943. The point that was being made—

Mr. FLEMING: Who read it?

Mr. APPLEWHAITE: It is a copy of the minutes of the report of the meeting of the National Finance Committee which took place at Ottawa on December 9, 1936 and followed a motion by Mr. Dorion. The reason why I refer to it is that the point might be raised here that there is some apparent right that, having offered to produce excerpts, the government would be morally or legally bound to produce the whole report. Mr. Speaker held at that time that that was not so. He buttresses his argument there with quotations which I might spare the committee at the moment, but the House appealed from his ruling and the Speaker's ruling was upheld.

One other reference I would give the committee is from 1945. It appears on page 1912 of *Hansard*, November 7, 1945. A motion was made by Mr. Knowles for a copy of any and all communications between the chief investigator of the Commodity Prices and Stabilization Corporation and others, and Mr. Ilsley said:

With regard to this motion, I would point out to the House that it calls for the production of reports from an investigator to his superior officer—a chief investigator—and for the same reasons on account of which reports of the Royal Canadian Mounted Police to their superiors, and officials of that character throughout the whole public service, have always been regarded as privileged, I must take the position that these reports are privileged and that it is not in the public interest for them to be produced. It would be impossible to obtain satisfactory reports

from officials and investigators in the public service to their superiors if such reports were subject to production in the House of Commons. The reports would speedily lose a very large part of their value. This correspondence is intra-departmental correspondence, is of a confidential character, is privileged, and it is not in the public interest that it be produced. I must therefore say on behalf of the government that we cannot agree to this motion passing.

The House divided and the government was supported. Now, in every one of these cases which I have taken longer to quote than I intended, the point has been this: there have been reports of investigations made inside departments and in Crown corporations for the purposes of the senior officers of that department or of the Crown corporations and the argument, which is absolutely valid, has been that it is not in the public interest to produce them because of the damage it would be bound to cause because of the fact that if confidential investigators, whether auditors or policemen are writing reports knowing that they are going to appear on the table of the House of Commons and from there into the press it stands to reason they are not going to write the type of report which is going to be of much help for the people for whom they are supposed to be working.

I thought I would go into that because the other day Mr. Macdonnell's motion appeared on the order paper and in that motion Mr. Macdonnell moved for a copy of all correspondence from the first day of April between the Auditor General and the Department of National Defence. I would point out that the Auditor General is a servant of parliament. He is the official who checks and audits departments of this government for the protection of the people of Canada and his other reports, which the House or the committee is entitled to, are available to them but not when it is of an internal nature.

Mr. Fleming made a case of the fact that Mr. Currie had been given access to these reports. But Mr. Fleming and others seem to overlook the fact that when he was making his investigation Mr. Currie was acting for the minister of the Department of National Defence in making an internal audit and an internal investigation for themselves.

It was not even as a matter of right. It was a matter of courtesy and as a matter of public policy the minister decided to publicize the Currie report and allow it to be tabled in the House. He had every legal right to withhold that report had he chosen to on exactly the same basis as I am suggesting now we must withhold these audit reports because if you are going to start producing one you are going to produce them all.

Last year we ran into the same thing in connection with the court of inquiry when the government went perhaps further than they should have done in that they produced the findings and recommendations of the court of inquiry, but we did not produce the whole minutes. We did not produce anything which would indicate the methods of the investigators or the details of the investigation or the false clues followed up and the innocent people who had not been proceeded against.

He produced the findings, the facts and recommendations which are the things in which this committee should be interested. It is in the finding of facts in connection with these irregularities, because there were irregularities, that we are interested in. Not in the machinery by which they were brought to light by internal audit.

I am not going to take time to point out that those who would have the auditor's report produced before us presumably claim themselves competent to make something of the auditor's reports when in the previous meeting of this committee they claimed themselves incompetent to deal with practically everything else and said it was no use to them anyhow, and that the only competent investigation could be made by Mr. Currie and this committee was incompetent to go any further, but they now reverse this and claim the committee is competent to go further.

I think this resolution should be treated as it deserves as it might appear to the committee and even to the House of Commons as having no practical value and we should get on with the task sometime this month of doing the business for which this committee was set up instead of discussing obviously absurd an out of order amendments produced by Conservative members.

Mr. HARKNESS: That is an 18 minute speech.

The CHAIRMAN: He certainly went well past the five minutes. Mr. Adamson, may I give Mr. Wright the opportunity if he wants it.

Mr. WRIGHT: Not at the present time.

The CHAIRMAN: All right Mr. Adamson.

Mr. ADAMSON: It is just exactly for the same reasons that Mr. Applewhaite suggested that we get on with our business that I am supporting Mr. Fleming's motion and I want to look at item 3 with regard to the \$135,000 in excess—

The CHAIRMAN: No, Mr. Adamson, that is not before us at this time.

Mr. ADAMSON: Mr. Chairman, I just want to deal with this. This question was dealt with in the report in six lines. Here we have an expenditure of a great deal of excess dealt with in the report in six lines. Now, when that building was purchased, it must have been purchased—

Mr. DICKEY: After all. A point of order Mr. Chairman. We have a witness here.

Mr. ADAMSON: I am merely trying to say why I think Mr. Fleming's motion should be proceeded with because here is a concrete case where there is evidence which is not produced in the report which I think we should have.

The CHAIRMAN: But Mr. Adamson, we have a witness here whom you could question. He might give you all the information you require. That is a point we have been making.

Mr. ADAMSON: I am dealing with Mr. Fleming's motion. He wants the auditor's report and I say that in the auditor's report in this case there must be the information we require, and that information concerns the renovation of an old building. Was there an engineer's report on this old building? Was there an auditor's report on the engineer's report? Was there an inspection of the plumbing and heating? What was the policy of purchasing an old building? What is the present state of construction?

All these things would be in an auditor's report. There is a purchase of an old building which has cost \$135,000 more than was estimated. The policy of purchasing an old building must have been dealt with in this auditor's report. Are we going to proceed without knowing what that policy is, or keep on purchasing old buildings when they run into many hundreds of thousands of dollars.

The CHAIRMAN: Gentlemen. If you remain quiet he will finish in a minute.

Mr. ADAMSON: And this question involves the whole policy of the department and to deal with it in six lines by merely saying this was \$135,000 more than was estimated is I think withholding from the committee essential facts that we need.

I feel that only by the production of the auditor's report, and complete report on the whole business of the purchase of this building can we get to the bottom of why it ran \$135,000 more. What is the present policy and what was done? Were there any adverse reports against purchasing this building? I think that is in the auditor's report and I feel it is essential to have these reports before the committee.

The CHAIRMAN: I am assuming gentlemen, we have had a thorough discussion of this amendment, there are no others who wish to say anything at all, because I wanted to say a word or so.

Mr. PEARKES: Well I—

The CHAIRMAN: Well, if you have anything to say, say it.

Mr. PEARKES: Having seconded this amendment I think I have the right—

The CHAIRMAN: Surely.

Mr. PEARKES: I do believe in view of the importance which has been attached to the chief auditor's report in this Currie report that we have a right and a duty before this committee to examine the auditor's reports. I do not see how we can be satisfied with having extracts from these reports or a summary of these reports presented to us by somebody who is not a chief auditor himself but who is an assistant deputy minister in charge of finance to whom no doubt these reports were submitted. But he did not originate these reports. He was not the chief auditor and I cannot see that the connection between an auditor and an auditor's report and a report submitted by a constable of the Royal Canadian Mounted Police has any connection whatever with the auditors and any members of the R.C.M.P. and their functions and duties and responsibilities which entirely differ.

I feel that it has been stretching the point very much to compare an auditor with the mounted police. I feel that these reports should be presented to us and that they should be presented to us by the chief auditor. If they are not we are being refused information which I think is unfortunate and damage will be done to this committee if we cannot have these auditor's reports before us.

Mr. McILRAITH: Mr. Chairman, I request the right to say something. I refrained from speaking these last two days, and looking back I am vain enough to think somewhat to the detriment of some of the things that may have been brought before the committee.

I will not go into the last two days of proceedings, but I think we should deal with Mr. Adamson's argument. Mr. Adamson took confidential information provided to him and put it on record here, before a witness produced it. Now he has read part of that with respect to one building and that is now in the evidence too, and we will have comment today and tomorrow about that without the witness having had an opportunity of being brought before us to put in his evidence by way of explanation.

There is a point I want to raise after this motion has been disposed of about giving confidential information to the press.

The CHAIRMAN: Before you came in—you were a minute or so late—that matter was raised by Mr. Wright, and I was able to account for the copies and that was about all I could do.

Mr. McILRAITH: The point I want to make is that here we have a statement put in as evidence by a member before a witness has dealt with it at all and then the member goes on to argue about whether or not the auditor's report should be produced. With all due deference, Mr. Chairman, how can we determine whether or not the auditor's report should be produced when we now are supposed to be examining appendix B, and we have not yet heard the witness on appendix B. Perhaps Mr. Adamson knows what the witness will say but I do not know nor do the other members know what the witness will say and until that appendix B is gone into and until the information is given about the various items in it I do not see how we can determine whether or not this building—

The CHAIRMAN: On that point again. I started the meeting by suggesting to Mr. Fleming that his amendment was premature for the reasons you have stated. Mr. Fleming said he wanted to proceed with it, so there is no point in following that line of argument further.

Mr. McILRAITH: Yes, I just want to point out that we again this morning have a premature amendment before us. We have had a witness here now for three days and we have listened to premature amendments being debated

for three days, thus preventing any evidence coming before the committee. The point I want to make is this, that this committee has met this year, and it is a reconstitution of a committee that sat last session, and we have the experience of last session that every time we have tried to go forward with our work, except when Brigadier Lawson was giving evidence, there has been something brought up by opposition members that had had the effect of preventing the examination of witnesses. Whether it was on purpose or not I do not know, but we had two whole days when one whole segment of the committee was not asking any questions of the witness—that was their privilege. Then we had the amendment that was debated for two days that was completely premature because—

Mr. FLEMING: Is that debate being re-opened? It is surely out of order to discuss an amendment we have already disposed of. Entirely out of order.

Mr. McILRAITH: The only thing I am drawing attention to is that we have had two days time taken up debating the amendments.

Mr. FLEMING: Mostly by Liberal members.

Mr. APPLEWHAITE: I would just like to point out—today we have another example of these delaying tactics which prevent us getting at witnesses. We should get ahead with our work.

The CHAIRMAN: If you people stop talking I will have this amendment dealt with.

Mr. FULTON: I had one point to make. It is now two. It has been multiplied by two because of the remarks by Mr. McIlraith and I want to point out to you that the majority of the time of this committee has been taken up by Liberal members particularly by the Liberal member who spoke first and for some 18 minutes.

Mr. McILRAITH: Have they no rights in the committee?

Mr. FULTON: Yes, but they are suggesting we are taking the majority of the time when they are and it is not fair to suggest by so doing we are preventing a calling of witnesses.

The point I want to make in connection with the amendment before us is this. Anyone who has read Mr. Currie's report—and we have all read it—must be impressed by the statement contained in the second column, page 712 and going on to page 713, in which Mr. Currie describes clearly and specifically what took place in dealing with this matter at the request of the department; and he deals quite clearly with these reports by the chief auditor referring to irregularities which then he sent into the office of the department where they should go, the deputy minister's office, and that as a result of the breakdown—what he calls the breakdown of administration—no action was taken on these reports and particularly he says this on page 713: "Aside from reports being delayed for considerable periods of time, the record shows the next audit revealing conditions similar to those previously reported and, in some cases, worse. The process is then again repeated."

Mr. DICKEY: On a point of order. Mr. Fulton was paraphrasing the words of the report and he said the report says "no action" was taken. I would like to put on record that the words of the Currie report are "lack of adequate action".

Mr. FULTON: That is perfectly correct "lack of adequate action".

The point established by that passage from Mr. Currie's report is that the auditor's report raised and reveals conditions similar to those previously reported, and, in some cases, worse.

If you look at the document before us which has been provided by the department, you will not find in any one of the extracts of the auditor's observations—you will not find a single indication in there of the fact that

that condition had been previously reported, and Mr. Currie said: "the record shows the next audit revealing conditions similar to those previously reported and, in some cases, worse".

So, there is the strongest inference that the document now before us does not in fact reflect accurately the comments in the auditor's report, and it is for that reason, Mr. Chairman, that I suggest that Mr. Fleming's motion far from being untimely is extremely timely, and we should call for the auditor's report so we may know exactly to what extent the auditor went in drawing these facts to the attention of the department and drawing to their attention the fact that no action was taken on his report, and unless we get the auditor's report we will not be able to get a fair and accurate assessment of that.

Mr. HERRIDGE: I must make a comment on the astonishing statement made by Mr. Applewhaite of a new conception of democracy when he said that parliament had no power to obtain reports. I do not think that is right in any sense whatever. What happens is that the minister usually indicates the opinion of the department or the government or indicates the practice of the government. But the very fact there is a vote indicates that parliament has a right to obtain reports if a majority decides.

The CHAIRMAN: That is the point as I understand it.

Mr. HERRIDGE: No, Mr. Applewhaite said parliament did not have the power to order these reports.

This committee is on the same standing as parliament and if a majority of this committee wish to obtain these reports they can obtain them, and I suggest we get on with the vote.

The CHAIRMAN: I presume we want a recorded vote. I want to make it quite clear that the Department of National Defence and the Department of Defence Production or any departments have never refused this committee any information that they have asked of them. They have always been willing to help us and every bit of information from every source that was used by Mr. Currie in compiling his report and appendix B will be made available to this committee. We are dealing with the auditor's reports. It is an inter-departmental document made to a superior officer and under our constitution it has always been considered privileged. Last year, in an unprecedented fashion, in order that the committee might have before it all the information possible, we requested and made available to this committee the findings of fact and the recommendations of courts martial, courts of inquiry and the pertinent excerpts from the auditor's report. I think it is fair to say that never before did a committee get so much information in so short a time and never before in parliamentary history have these matters been made available to a committee or made available in the House of Commons either here or in the United Kingdom Parliament. I think there is something to be said for that position.

There is something to be said with respect to these documents that has not been emphasized. If you produced the Auditors reports in toto you would destroy their purpose. You will change the character of the documents in that the people who write them will be reluctant to make observations and will not give the source of their information. When we made this information available last year we took into consideration that a great deal in these auditors' reports does not concern us and we may do much more harm than good. It is also fair to say that the suggestion has been made from time to time that the committee has been guilty of giving too much information. The only information that has been held back is security information dealing with secret weapons guided missiles, radar and electronics. That position has been taken by the minister on the floor of the House, and I think it is shared in this committee that that is not in the public interest. I am pleased that this morning there was no suggestion made that there is any attempt made to hide anything, or that anything is being held back. The agenda that we have before us calling for the witness

to be examined on Appendix "B" followed by construction in specific detail and in general, followed by armaments, have all been requested by members of the opposition; not one of the requests of the Liberal members has as yet been put on the agenda. I have been careful to make certain that until such time as the requests of the opposition had been exhausted that none of the other requests be placed on the agenda. Under the circumstances I appreciate all that has been said and I think it is time that we should take the vote and get on with the witness.

Mr. FLEMING: I can put my reply in the space of a minute at the most.

The CHAIRMAN: It was not intended. I asked you before if there was anything further to be said.

Mr. FLEMING: I did not understand you to be asking me if I had a reply.

The CHAIRMAN: I asked everyone if there was anything further to be said before I spoke and I said that that would conclude the argument.

Mr. FLEMING: I certainly did not understand you.

The CHAIRMAN: Go ahead.

Mr. FLEMING: About this question of privilege Mr. Applewhaite has brought in. He said that the proceedings here are similar to those of a police court.

The CHAIRMAN: I did not hear him use the term police court.

Mr. FLEMING: I thought I heard him talk about police proceedings.

The CHAIRMAN: He was referring to Mr. Garson's reply to a request made on the floor of the House that a police report be made available.

Mr. FLEMING: That was later. His remarks simulated the proceedings here would be similar to those of a police investigation.

Mr. APPLEWHAITE: I know that Mr. Fleming does not mean to misinterpret, but the idea of linking this up with a court never occurred to me.

Mr. FLEMING: I submit that there is no analogy at all between whatever privilege is attached to the investigation of police officers and auditors' reports and it is the first time I have ever heard any suggestion that auditors' reports are privileged. I don't think that applies in this situation whatever and there is no suggestion here of security involved, and I would like to point out to the committee that if the committee this morning takes the stand that these reports of the chief auditor of the department are privileged and the committee cannot have them then you will set up a precedent that is going to prevent this committee if it sits here from now until the cows come home from any direct access to the auditors' reports. We were told in the House there were 1185 reports of the chief auditors of the department in relation to this whole matter and the committee, if it votes down this amendment, is in effect saying we are not to be allowed to look at a single report of the auditors of the department.

Next, Mr. Chairman, you said the committee will have access to all the information that Mr. Currie had access to.

The CHAIRMAN: I was very careful and here are my words. I said that every bit of information from every source that was used by Currie in compiling his report in Appendix "B".

Mr. FLEMING: Mr. Currie made it plain that he reviewed those reports of the auditors, the 1156, which were referred to here and we are told Mr. Currie had access to them, looked them over and attached importance to them and we as a committee asked for access and Mr. Applewhaite said the minister had a right to withhold the Currie Report from parliament and I say that is a monstrous doctrine and I do not think it bears any resemblance to democracy and if we follow the kind of arguments offered here this morning by Mr. Applewhaite and Mr. McIlraith, this committee is resigning itself to impotence. I say that the amendment offers a way in which this committee can be made useful and do a thorough job.

The CHAIRMAN: Gentlemen, all those in favour of the amendment please say yes? All those opposed will say no?

The CLERK: Call the roll.

The CLERK: (later) Yeas: 8; Nays: 13.

The CHAIRMAN: I declare the amendment lost.

All those in favour of the main motion?

Motion carried.

Mr. PEARCES: One point in this sub-committee's second report, and that is in paragraph 2 where it is stated the work which will be followed as soon as the Currie Report, Appendix "B" has been dealt with, acquisition and leases—land and buildings, etc.—there is no doubt, and I gathered from your statements this morning that there is no doubt that not only will we be able to go into the detail but into the general policy.

The CHAIRMAN: Of course.

Mr. FLEMING: I thought that the language gave the impression it was general statements only we were going to be able to deal with.

The CHAIRMAN: You will be able to deal with the full details.

Mr. DICKEY: There cannot be any question.

The CHAIRMAN: Mr. Armstrong has a statement with him which will give you some background that will help you. Let him read his statement before we start the questioning. And then you will proceed in the manner we have followed in the past, I will call an item and you may question on it.

Mr. FLEMING: There will be some brief questions made up.

The CHAIRMAN: For the moment please wait until Mr. Armstrong finishes and please do not interrupt.

Mr. E. B. Armstrong, Assistant Deputy Minister of National Defence, (Finance) called:

The WITNESS: Mr. Chairman and members of the committee: I understand Mr. Chairman that you wish this morning to examine in some detail Appendix "B" of Mr. Currie's Report.

Appendix B is a reproduction by Mr. Currie of a report prepared in March, 1952 by the chief auditor and it may be helpful to the committee in their examination of this appendix if I fill in a few facts relating to its origin.

The chief auditor reports to the deputy minister. I have had the responsibility for dealing with him since my appointment in September, 1951 as assistant deputy minister responsible for supervision of financial planning in the Department of National Defence. I may say that before that time I had been responsible for reviewing expenditures relating to Defence on the staff of the Treasury Board in the Department of Finance. While during that period I had no direct contact with Mr. Kidd, the chief auditor, I had been informed from various sources of his excellent work. I have now found from personal experience with him that these tributes were well deserved.

The chief auditor's Division was established in the Deputy Minister's Branch of the Department of National Defence in March, 1948. This division provides the Deputy Minister's Branch with the means of making continuous test checks of the various accounting operations of the department. The chief auditor is expected, when he finds deficiencies either in the systems in use, or in their implementation, to report on these shortcomings, make recommendations from time to time as to the measures that in his opinion, are appropriate to improve the situation and advise on those that are in fact being undertaken.

The auditors operate in teams of from two to six men depending on the size of the unit and are guided by an audit program provided by the chief auditor. Before leaving the unit their findings are discussed in detail with the commanding officer and other officers who may be concerned. The regional auditor submits his report to headquarters and a final report is submitted to me over the signature of the chief auditor. This report is sent by me with any comments I may wish to add, on behalf of the deputy minister, to the chief of staff with a request for a report on the corrective action taken on the observations made in the report. Information copies are sent to the assistant deputy minister (requirements), the director of civilian personnel and the Auditor General's representative. I might say that the assistant deputy minister (requirements) was appointed to the department at approximately the same time as I was in mid 1951. He is responsible for reviewing all contract demands originating in the service branches of the department. In so far as works companies are concerned, he is particularly interested in any observations of the auditor relating to breaches of regulations relating to authorities for approval for projects.

The report from the service concerned on the observations contained in the audit report is examined by the chief auditor and, if it is, in his opinion, satisfactory, the file is closed until the next audit. Any matters that in his opinion need further examination or explanation are referred back through me to the chief of staff.

The procedure of submitting these audit reports to the chief of staff, in so far as the army branch of the department is concerned, was commenced in August, 1950, following enactment of the National Defence Act. Prior to that date these reports were sent to the Quartermaster General. Of the 23 reports referred to in Appendix "B", 3 were sent directly from the deputy minister's office to the Quartermaster General prior to August, 1950.

Shortly after I took up my present appointment on Sept 15, 1951, I had some conversations with the chief auditor about the accounting systems in the department. He informed me at that time that a new system had been introduced by the army works services in 1949 and, while the system, in his view, was a good one, it had not at that time become an effective operating system.

This system was to be introduced April 1, 1949 and it was expected at that time that it would take a year to put it into operation. The chief auditor's program was to commence audits of works companies some nine months after the introduction of the system and after completing audits of a representative number of these companies, to analyze deficiencies found, their causes and the steps being taken to correct them. In the meantime, of course, individual audit reports were being examined by those concerned with a view to correcting shortcomings observed upon in accordance with the arrangements I have already outlined.

The first audit report was for No. 4 Company, Montreal, dated January 3, 1950. Subsequently five additional audits were carried out in 1950, eleven audits were completed in 1951 and six more to the 20 Feb. 1952. The chief auditor's general report and analysis of these audits was submitted to me on March 4, 1952.

With reference to conditions of accounting in army works services, it stated:

The new system was introduced into works companies in 1949 and to allow it to be properly implemented, and to become fully operative without interruption, it was decided that no audits would be carried out for a period of nine months. During the past year most RCE units have been visited and the efficiency in the operation of the new system assessed. That the system has not yet achieved the purpose for which it was designed is evident from the audit reports submitted, an analysis of which is attached as Appendix "A".

Appendix "A" of this report is reproduced in Mr. Currie's report as Appendix "B" with the addition of a heading "Classified Summary of Accounting Irregularities found by the chief auditor, Department of National Defence." It should be noted that this heading is not apropos in respect of the second last column of the summary which covers "shortages of staff claimed by the unit". The column on staff shortages was included to indicate a cause of the difficulties, and the chief auditor's report, referring to the column said:

"The new system appears to have been well thought out and with proper supervision and staff should have been quite successful but, as indicated in a number of our audit reports, supervision has been almost entirely lacking and the quantity and quality of the staff inadequate. In five of the units visited, "it was claimed by officers in charge that insufficient trained staff precluded carrying out the instructions properly while in seven other tradesmen and labourers were observed performing accounting and stores duties. Some 95 officer positions on the establishment are said to be vacant."

MR. PEARKES: What is the date of that observation?

WITNESS: March 24th, 1952.

The chief auditor's report enumerated the action that had been taken by the army to remedy the major faults as follows:

(a) The chief instructor of the RCE School at Chilliwack, B.C., has been instructed to visit all commands to advise and assist works companies with respect to the accounting system.

(b) At the request of the Quartermaster General, a survey team of three investigators from the Civil Service Commission, assisted by representatives of the chief auditor, the D.C.P., and the R.C.E., has been set up to review the organization and staff requirements of the directorate of works and accommodation and works companies. It is understood that the Civil Service Commission has been approached with a view to having the 95 vacant officer positions filled by civilian engineers, which, in our opinion, is a progressive move as the presence of one or more civilians in this capacity at each works company will make for continuity in the administrative staff and increase efficiency throughout.

(c) To meet the responsibility of internal audit and inspection required of the services, an establishment for a civilian inspection staff of seven has already been approved by the Civil Service Commission.

(d) It is understood that the DWA on the instructions of the QMG is to prepare an analysis of our reports on which a general directive is to be prepared and sent to all works companies over the signature of the C.G.S.

The chief auditor concluded his report to me by saying "It is, therefore, considered that everything possible has been or is being done to remedy the adverse conditions presenting existing."

The deputy minister was, of course, aware of the situation existing in the army works companies and the measures underway to improve conditions. The deputy minister appraised the minister of these conditions and, in view of the thefts indicated by the police investigation at Petawawa, the minister considered it advisable to ask Mr. Currie to examine this problem with terms of reference with which you are familiar. This was done on April 21, 1952.

The detailed studies to revise establishments of the army works services headquarters to provide an inspection and audit division and to amend the works companies establishments got underway in the fall of 1951 under the direction of the Quartermaster General. You will appreciate that such studies take a considerable period of time. The approval of the revised establishments

was obtained by various dates through 1952. During the past 10 months and in the course of Mr. Currie's examination, substantial steps have been achieved towards remedying the unsatisfactory conditions that existed. After Mr. Currie's appointment the establishment changes which had been planned earlier were discussed with him and his advisors by the deputy minister, the Quartermaster General and other officials concerned and were endorsed by them.

In addition, Mr. Currie made suggestions for certain additions in particular the need to have key civilian personnel in each works company. These are listed in Mr. Currie's report as an administrative officer, a chief foreman of works, a technical stores officer and a skilled chief estimator. The revised establishments for works companies that had been worked out by the army works services headquarters had not included the chief estimator. Following Mr. Currie's Report provision was made in these establishments for all four of the key civilian personnel.

I should warn the committee, however, that the additional trained staff that it has become evident is necessary will take some time to provide. The very considerable task of planning revised organizations and establishments which was started in the fall of 1951 by the Quartermaster General and carried through with the advice and assistance of Mr. Currie has been largely completed. Much remains to be done to fill these establishments with suitable men. This is a task of the Civil Service Commission and I can assure you that they are doing their utmost to complete it as quickly as possible. To bring the committee up to date on progress made on the more important steps that are underway, I will mention them briefly.

The new establishment for army works services at army headquarters was approved, by the establishment committee in April 1952. It provides for 102 military and 183 civilian positions and at February 4 1953, eleven of the military and 63 of the civilian positions remained to be filled.

The new establishment for the administration service teams, comprising ten civilians was authorized on June 5, 1952. Two of these positions remain to be filled. The teams organized from the eight men appointed, have inspected four companies and are doing a fifth.

Revised establishments for army works service companies have been approved including the four key civilians, that is an administrative officer, a chief foreman of works, a technical stores officer and a skilled chief estimator. The four key positions have been advertised by the Civil Service Commission. Examination of applicants by the commission commenced last week. There are a total of seventy-six of these key positions. The chairman of the Civil Service Commission told me last week that they have a fair number of applicants. He is hopeful of having these positions filled by the end of March.

The work of rewriting and clarifying the manuals of operation for army works services is underway by the new publications sections of the army works services headquarters. The section dealing with cost accounting procedures has been completed and it is hoped to have it published by April 1. The complete rewrite will take a considerable time, probably the better part of a year. The firm of MacDonald Currie and Co. were asked last September to write a works services handbook and this is being done.

The C.G.S. has recently issued instructions that monthly inventory counts will be made in accordance with regulations even if this entails closing the stores and reducing the amount of work carried out on buildings pending the provision of the additional staff to which I have referred.

A statement has been prepared, setting out in respect of each of the X's contained in the table, labelled Appendix "B", the substance of each observation made by the chief auditor and the explanation relating to that observation made by command or army headquarters. A chronology of the dates covering the handling of the audit reports and explanations is also provided.

The statement which you have before you has been set out—if I may explain where.

The CHAIRMAN: Turn to the last page in the memorandum that was given to you.

Mr. FLEMING: Is it now before us?

The CHAIRMAN: Yes. The one that did not appear in the press. It is called auditor's reports summary of chronology.

The WITNESS: That has been set out by numbering each of the columns across the top of appendix B from 1 to 20 starting at the left. Each of the successive X's from the top to bottom of the page under each column is then dealt with in terms of the audit observation and the reply.

The information therefore with respect to any X can thus be determined by referring to the column numbered on the left hand corner of the statement that is before you. As the committee proceeds with the examination of the statements, Mr. Chairman, I will endeavour to explain the significance of the column headings where a further explanation is required. There is just one typographical error in appendix B which should be noted. In the column headed "cost of labour and/or materials charged against approved works orders not used on other jobs . . ."

The CHAIRMAN: Which one is it?

The WITNESS: Page 734, seventh from the end. That word "not" should read "but". The correct heading is "cost of labour and/or materials charged against approved works orders but used in other jobs".

The CHAIRMAN: Gentlemen, the witness is yours.

Mr. FLEMING: May I ask what now happens to this document? Is it going into our record?

The CHAIRMAN: It now becomes our document, but we will never have our printing done in good time if we print this as an appendix, but if necessary we shall order it to be done. We have a great accumulation of information on construction and armament. We will be behind in printing if we follow that procedure. I suggest we just refer to this appendix since all of us have copies of it, and leave it at that. You will find that is the only way it can work out.

Mr. FLEMING: Could we refer to that decision in a moment, because it strikes me that anyone reading the proceedings of this committee, questions and answers, will find it meaningless without the assistance of this document. Is it possible to have the proceedings printed separately from the appendix when dealing with the printing of the proceedings which I think we all want as quickly as possible.

The CHAIRMAN: That may be possible, but do you really want to put the printer to the job of having all this printed? I think you should refer to it as you go along, and would you ask your question, by saying number 3 Petawawa and then reading the observations as they are made and you will find that makes sense from reading the proceedings afterwards. We shall refer to it as Exhibit 1.

Mr. DICKEY: Anyway, it would not be helpful if printed separately, because of the considerable delay between the appearance of the minutes and the appearance of the appendix.

Mr. FULTON: Before going into detailed questions I want to follow Mr. Armstrong at the point where he was dealing with procedure at the deputy minister's office. I wonder if Mr. Armstrong would elaborate. I heard Mr. Armstrong saying that any matters requiring further examination are referred back through him to the chief of the general staff—in or about that portion of his statement. Perhaps you will elaborate on that.

The WITNESS: That is the procedure followed in dealing with the explanations that are supplied in relation to the observations raised in the auditor's report. The replies or explanations are sent by the service concerned to me. They are addressed to me but I do not actually receive them; in so far as my office is concerned, they are passed to the chief auditor. The chief auditor examines them. If he is satisfied that the explanation is satisfactory in respect of the observation that he raised, the matter is closed until the next audit. If he is not satisfied he prepares for my signature a further request to the chief of staff for additional explanation and of course that goes back.

Mr. PEARKES: Mr. Armstrong dealt with quite a number of matters such as establishments not included which have no reference in appendix B. I presume we will have an opportunity to discuss these with Mr. Armstrong either now or after the examination.

The CHAIRMAN: You can ask him now if you like.

Mr. PEARKES: Let us get on to appendix B and come back to these establishments.

Mr. FULTON: Just following that, I did understand from what you said Mr. Armstrong that you yourself did not initially pass on either the comments in the auditor's report—when I say pass on I meant pass judgment on and comment on the auditor's reports or replies and explanations received from commands, and that these are merely channelled direct from the chief auditor to the chief of general staff and back again through you to the chief auditor without you actually passing judgment on that.

The WITNESS: Not the original report. The original audit report is referred by the chief auditor to me. I send it on to the chief of staff. I raise any point that I think is desirable to raise in general terms in respect of that audit report at that time. It is when the replies come back that they are channelled directly through to the chief auditor.

Mr. FULTON: Then you never exercise judgment whether the reply is adequate or not unless the chief auditor himself says he does not think it is adequate and sends it back to you.

The WITNESS: That is the case.

Mr. FLEMING: May I ask some general questions? Who prepared this document—what shall we call this Mr. Chairman?

Mr. CHAIRMAN: Just call it Appendix B—

Mr. FLEMING: It is a 43 page document.

Mr. STICK: Call it exhibit 1.

Mr. DICKEY: It is our first exhibit Mr. Chairman.

The CHAIRMAN: Perhaps that is the best way. It is a good suggestion. This is Exhibit 1.

By Mr. Fleming:

Q. Who prepared this document?—A. It was prepared originally by the legal officers of the department.

Q. When?—A. I have not got the exact date. I will say probably a month ago, or perhaps longer. I am advised it was done shortly after the report was received.

Q. After what report was received?—A. Mr. Currie's report.

Q. Then it goes back probably to late December.—A. Late December or early January I would say, yes.

Q. What part did you play in the preparation of Exhibit 1?—A. I reviewed it. After it was prepared I had it examined by the chief auditor and I asked

him directly whether in his opinion this was a fair summary of the substance of the comments used in his audit report and he told me yes, that in his opinion it was a fair and accurate summary.

Q. When was that?—A. This was I would say a week before that—roughly three weeks ago.

Q. That was long before this committee asked for any such document, I believe. I understand then as the source of this document that in December, after the tabling of the Currie report, the legal officer of the department under the jurisdiction of Brigadier Lawson prepared this document and then it came directly from them to you.—A. The original document did not come directly from them to me. This document I saw eventually. It came from the legal branch of the department but it was prepared initially for the minister and was submitted to him.

Q. Did the minister have it before you did?—A. Yes, I think he probably saw it before I did.

Q. Did the minister pass it on?—A. In what way?

Q. Did he review it or pass judgment on it?—A. I could not tell you whether he did or not. He certainly did not after I saw it.

Q. I understand he saw it before it came to you?—A. I believe he reviewed this report for the information contained in it before I saw it.

Q. And is it your understanding that before it came to you the minister had passed approval on it in the form in which it came to you?—A. Frankly I do not know what you mean by approval and what the minister did with the report initially. I do know what he did with it originally. It simply provides a summary of the audit observations referred to in appendix B. I do not know what judgment he passed on it, but whatever it was it had no relation to what I have used it for now.

Q. I am wondering what the minister did with it?—A. Well, I do not know.

Q. Do we understand it went to the minister and it came back to you?—A. It did not come to me from the minister, it came to me from the Judge Advocate General.

Q. And that is after the minister had it?—A. I believe the minister had seen the report before it came to me.

Q. Did you use the original sources, namely those 23 reports of the chief auditor in what you had to do in the review of this document or did you pass your judgment upon the report that you said the chief auditor of the department made, I think, on March 24, 1952?—A. The report of the chief auditor made on March 24, 1952 had nothing to do with the document called exhibit 1. That was prepared later as I have pointed out not on March 24, 1952.

Q. What was it based on?—A. It was based on the audit reports and explanations given in relation to them.

Q. You saw then the 23 original reports?—A. Yes, I saw the original 23 reports.

Q. You referred I think twice to the report made by the chief auditor of the department in relation to this matter. You referred to the report of the chief auditor which I understand you said was based upon 23 earlier reports?—A. As I explained earlier the chief auditor made a report to me on March 24, 1952 in which he analyzed the findings that he had made in the 23 reports that we have been discussing and they were set out in analytical form in what was called appendix A. Appendix A of that report is appendix B in the Currie report.

By the Chairman:

Q. Just let me get clear on this. Are you saying in effect, Mr. Armstrong, that what we know as appendix B in the Currie report was in fact prepared by the chief auditor and merely transferred into the Currie report?—A. That

is right, it is a reproduction of the report made by the chief auditor that is of the analysis made by the chief auditor.

Q. Then what you are suggesting is this, that there was no original work done on what we know as appendix B of the Currie report by Mr. Currie.—A. That is right sir.

Q. That the appendix B in toto was compiled by the chief auditor and was used by Mr. Currie in his report?—A. Yes sir, appendix B was compiled by the chief auditor and it has been used by Mr. Currie to illustrate the points in this report.

Q. And the date was March 24, 1952?—A. Yes.

By Mr. Fleming:

Q. Mr. Armstrong, on whose instructions did the legal officers of the department commence preparation of this document?—A. The preparation of this document was made on instructions of the minister and the purpose of its original preparation and the reason it was prepared by the legal officers was that the minister wished to have a complete review of the 154 observations that are marked with X's in appendix B and the assurances from the legal officers that adequate disciplinary measures had been taken in respect of each one. That is the basis of the original preparation of this document.

Q. Are we to understand that this document was completed some weeks ago?—A. That is right. It was completed originally, as I said sometime towards the end of December or early in January by the Judge Advocate General. The actual document you have before you now, was reviewed by myself and the chief auditor and there were some changes made of an editorial nature. For example, in one instance I came across a piece that I simply could not understand. I did not know what it meant. It was using technical terms and as a matter of fact in this particular case the chief auditor himself at that time had forgotten the meaning of those terms and he looked it up and we changed the wording used in here to make it understandable to a person who would not know the technical terms used.

Q. In view of what you said about the purpose of the original preparation, it is quite clear it was not prepared for the use of this committee.—A. Not originally, no sir.

Q. Are we to understand that the auditor's observations in the second column are merely summaries and not verbatim extracts from the 23 reports?—A. That is right sir.

Q. And in the third column reports by commands or army headquarters when were these reports made?—A. You have accompanying these documents a statement showing chronologically the date that these various reports were sent from the deputy minister's office to the army headquarters, from there to commands and the dates of the various replies from the commands.

Q. Where is that?

The CHAIRMAN: That is in the fifth line.

By Mr. Fleming:

Q. We have here two columns that is a summary chronologically on the last page of the document which would be number 43. We have two columns headed replies from command. In the first column there are replies from all the units except number 3 works company, Kingston, and then we come to the section in the last column where we have further replies. We have one reply from that particular unit and we have further replies from others. Does the summary in the third column of your pages 1 to 42 purports to give us in these cases a summary of both replies without distinction of chronology?—A. That is right. This is a summary of the whole of the reply, the final settlement of

the case. As I explained before, in some cases a reply comes back to the deputy minister's office that we are not satisfied with and further information is requested. The same thing happens at army headquarters and a reply comes in from command and further inquiries are made and you have on this chronological summary certain cases where the circle is started over again. We might have army headquarters going back to a command and asking for further information and that is the reason for these further dates.

Q. There are periods of three, four and even five months in some cases intervening between replies from some commands, and your summary in the third column does not purport to distinguish between the two so we might follow what occurred as between the period of the two?—A. No sir, this summary does not purport to give a detailed explanation of what was said the first time and what was said the second time. What we have endeavoured to do is to show the final position when the explanation was given.

Q. How about the 23 reports, what length were they?—A. I would think they stand that high. (indicating)

By the Chairman:

Q. What does that mean?—A. From the table.

Mr. FLEMING: About 20 inches?

The CHAIRMAN: He has indicated 4 feet there.

The WITNESS: I would think they stand that high including replies.

By Mr. Fleming:

Q. I was asking about the reports.—A. The reports vary of course depending on the size of the unit. Some reports probably run to 20 pages, others perhaps to half a dozen pages.

Q. It might be around somewhere—

The CHAIRMAN: Let us not get on to that.

The WITNESS: I would hesitate to give an average. I would have to check it.

By Mr. Fleming:

Q. What is the length of that report of the chief auditor's of March 24, 1952 which I understand is based upon the 23 reports?—A. That is a summary, an analysis of these reports and it is not likely—I think probably if I remember rightly—more than half a dozen pages.

The CHAIRMAN: Mr. Applewhaite.

By Mr. Applewhaite:

Q. In connection with appendix B to the Currie report, how many companies, detachments or units are covered on that?—A. I think there are 16 there if I remember rightly—17.

Q. 17 what?—A. There are 23 reports covering companies and detachments. There are 6 companies that have been reported on twice so there are 17 different ones.

Q. That is what I want, 17 what?—A. 17 separate works companies or self accounting companies.

Q. Are any of these companies split up into smaller units at different locations?—A. Yes there are. There are 33 detachments including companies. Some of these operate—one company will operate at more than one location by means of a detachment which would be a self-accounting operation.

Q. 33 all told?—A. That is right sir.

Q. What period of time is covered by appendix B of the Currie report?—A. Appendix B covers a period from January 1950—that is in terms of audit reports—to February 1952.

Q. That is two years and one month roughly. I just want to ask one other question. In the Chilliwack report 1950 and 1952 where that happened was there any audit in the year missing 1951?—A. There was no audit in that year.

By Mr. Pearkes:

Q. Just one question. Were there any explanatory notes sent to the minister explaining this exhibit 1 or is this complete in itself? Reference has been made to the reading of something from the chief auditor's report. But that chief auditor's report accompanies this exhibit 1. Was this just sent without any explanation at all?—A. I am not sure that I follow your question. This document here, now Exhibit 1 as I said before, was prepared recently after the Currie report was submitted. It was not this particular document which was sent to the minister. The original document that was prepared by the Judge Advocate General was at the request of the minister and I presume he advised him on it in so far as its original purpose was concerned that is, to review disciplinary action taken in respect of these observations.

Q. But the chief auditor's report had definite bearing on this same subject?—A. The report of March 24, 1952?

Q. Yes.—A. As I said the minister was informed of these conditions and the minister decided to ask Mr. Currie to make a report and he did so.

By The Chairman:

Q. Let us get this in proper perspective. The summary of the report was sent by the chief auditor to you and you sent it on to the minister?—A. I advised the deputy minister who advised the minister.

Q. About the 24th?—A. Yes, sometime after the 24th of March. I received it then.

Q. You say to the committee that in consequence of that the minister asked Mr. Currie to make an investigation. What date was that?—A. The date Mr. Currie was invited to make an investigation was April 21, 1952.

By Mr. Adamson:

Q. I would like to ask questions that the witness will probably have to get information about and I would like to put them now so he may have an opportunity of answering at a later date. I think the committee would like to have them:

(See this day's minutes of proceedings)

The CHAIRMAN: We will try and have that.

The committee adjourned.

Canada Defence Expenditure
Special Committee on, 1952/53

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HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

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SPECIAL COMMITTEE

ON

Physical &
Applied Sci.
Serials

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

reports] No. 7

THURSDAY, FEBRUARY 19, 1953

WITNESSES:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance);
Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements),
Department of National Defence.

CORRIGENDA

No. 6—minutes of proceedings of February 17.

page 133—line 17 thereof
the words "request the" should read
"call for the" as in original proposed amendment.

evidence of February 17—

page 146—line 9 from the bottom thereof
the figure "1156" should read "156"

evidence of February 17—

page 147—line 3 thereof
delete the words "The Clerk"

MINUTES OF PROCEEDINGS

THURSDAY, February 19, 1953.
(8)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, McIlraith, Pearkes, Power, Thomas, Wright.—(23)

In attendance: Messrs. C. M. Drury, E. B. Armstrong, W. R. Wright, Brigadier W. J. Lawson and Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements, Department of National Defence.

The Committee continued its study of APPENDIX B OF THE CURRIE REPORT—Summary of accounting irregularities and Exhibit No. 1.

Mr. H. A. Davis was called. He made a brief statement on No. 3 Company Army Works Services—Expenditures for Wallis House at Ottawa.

Mr. E. B. Armstrong was also called.

The witnesses were jointly examined on the answers to Mr. Adamson's questions in relation thereto tabled on February 17 (*see page 134 No. 6 printed minutes of proceedings*).

At 1.00 o'clock, the Committee adjourned until Tuesday, February 24, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

THURSDAY, February 19, 1953.

The CHAIRMAN: Gentlemen, I see a quorum. We have our witness, Mr. Armstrong. If there are no further questions of a general nature, I will start by calling item number 3 at Petawawa, 1951. Are there any questions? If there are no questions on that we will go to item number 3, Ottawa, 1952.

Mr. PEARKES: Mr. Adamson asked a number of questions.

The CHAIRMAN: Mr. Armstrong has brought with him Mr. H. A. Davis, superintendent of the engineering and construction requirements of the staff of the assistant deputy minister (requirements). Mr. Davis is prepared to answer these questions. Mr. Davis, did you obtain a copy of the questions?

Mr. DAVIS: Yes, I have sir.

The CHAIRMAN: Will you then deal with them one at a time. Are there any questions of a general nature so we can have some background on these questions. Most of us know very little about this business. If no one is going to ask any questions may I suggest Mr. Davis that you give us a little background about this property.

Mr. H. A. Davis, Superintendent of Engineering and Construction Requirements on the staff of the Assistant Deputy Minister, Requirements, called:

The WITNESS: To answer Mr. Adamson it might be helpful to outline briefly the history of this property.

Wallis House was purchased by the navy through the Department of Justice from the Roman Catholic Episcopal Corporation of Ottawa on March 8, 1943, for the sum of \$203,000. Fees were paid to the agent of the Department of Justice amounting to \$181.30.

The property comprises lots 42 to 47 inclusive, Plan 43586, with an area of 2.59 acres, and a frontage on Rideau Street of 399.3 feet.

The buildings situated on the property consisted of: three-story brick building of 45,000 square feet and laundry building 34 feet by 54 feet.

The property was purchased to provide accommodation for WRENS. The navy expended the following funds to renovate it:

To carry out alterations to the building to provide suitable accommodation	\$42,245.08
For the installation of Sprinkler system for fire protection	8,512.00

On March 17, 1946, the navy declared this property surplus to Crown Assets Allocation Committee. The Crown Assets Allocation Committee transferred Wallis House to the Department of Reconstruction and Supply for use by CMHC.

On August 10, 1950, CMHC, through Resources and Development, declared the building surplus through Crown Assets Disposal Corporation.

On August 31, 1950, Crown Assets Disposal Corporation handed the building over to the Department of National Defence.

The Department of National Defence intended to use Wallis House to provide interim accommodation for reserve force units in the city of Ottawa for which accommodation was inadequate and unsuitable. Wallis House was examined by officers from NDHQ and was considered suitable for fitting up as a reserve force armoury to accommodate the following local reserve force units: 7 Coy RCDC (RF); 113 Manning Depot (RF); HQ RCOC 2 Cdn Armd Div (RF); 4 Cdn Armd Div Ord Fd Pk RCOC (RF); 23 Fd Amb RCAMC (RF); 48 CCS RCAMC (RF).

At the same time the Korean emergency arose and there was an immediate requirement to provide accommodation in Ottawa for a personnel depot so that recruiting could be carried out.

When the building was originally taken over by the army action was initiated for the preparation of plans and estimates so that the proper authority could be obtained for carrying out the necessary renovation as a reserve force armoury.

With the arrival of the emergency due to Korea an immediate allocation of funds in the amount of \$35,000 was provided for the establishment of the personnel depot and work was commenced at once. At the same time the need for additional reserve force accommodation was aggravated and planning for this phase of the renovation continued. Eventually the renovation of the whole building proceeded subsequent to the setting up of the personnel depot. The following work was carried out:

- New concrete kitchen and mess hall floor, repaint and repair walls.
- Repair roofs.
- Complete new plumbing fixtures and piping.
- Provide and install new boiler.
- Alteration of rooms to suit new uses. Repairs to walls, windows, doors et cetera.
- Complete rewiring and relighting for whole building.
- New kitchen equipment.
- Plaster repairs through building. Existing plaster was in very poor condition.
- Sanding of floors and laying of linoleum where necessary.
- Alterations to sprinkler system and installation of new fire alarm system.
- Fire escapes were repaired and a new fire escape was installed—a second one.
- The expenditure to date has been, on the part of the army: 50/51 \$35,000—Authority for recruiting depot for Korean force.

By Mr. Harkness:

Q. That is the same \$35,000 you mentioned before?—A. Yes, that was allocated on the outbreak of hostilities in Korea.

Q. For the establishment of a personnel depot?—A. Yes. 51/52 \$9,750.00. Electrical repairs; 51/52 \$188,000.00, complete renovation for reserve force; 52/53 \$22,000.00, as above for reserve force depot.

Work has been carried out as a day labour project under the control of the army works service. A portion consisting of \$9,750 for electrical renovation was let to contract, under DDP.

Wallis House as now fitted up will provide accommodation to last up to twenty years or until new reserve force accommodation is provided. The area of the building is 45,000 square feet. The estimated cost of providing equivalent accommodation by new construction would be \$850,000. In addition to providing reserve force accommodation for the units enumerated above, the building

will provide sleeping and messing accommodation to meet the requirements of the personnel depot which do not exceed 100 men and in an emergency accommodation could be provided for 350.

The CHAIRMAN: Mr. Davis, the first question asked by Mr. Adamson: Was there an engineer's report on the building at the time of purchase.

The WITNESS: Almost certainly yes. This is the normal procedure but we have not the records available at this time. The building was acquired in 1943 and the files that covered that period have been placed in old records.

By Mr. Wright:

Q. What was the assessed value of this building when it was purchased in the first place?—A. The assessed value by the city of Ottawa for the land was \$27,000 and the total value before repairs was \$92,000 and after repairs \$127,000.

Q. That was after you spent money on it. The \$92,000 was the assessed value at the time of the purchase?—A. Yes.

Q. And you purchased it \$203,000?—A. That is quite correct but the assessment does not represent the full value of the building.

Q. Do you know whether the percentage of the value in Ottawa was the same as the assessment value usually is on property?

Mr. McILRAITH: I wonder if I may ask one or two questions about assessment.

The CHAIRMAN: Just wait to see what he says. He is being informed on the matter.

Mr. McILRAITH: I wanted to clean up this assessment point.

The WITNESS: We understand on new construction assessment is at the rate of 45 per cent, and this is an old building and assessment is valued to take care of depreciation I do not know when they arrive at the actual assessment made on this building.

By Mr. McIlraith:

Q. Do you know whether or not this was tax-free property at the time the Crown bought it?—A. It was Roman Catholic ecclesiastical property.

Q. Do you know what the practice was with respect to the assessment of tax-free property in Ottawa?—A. No, I do not.

The CHAIRMAN: Can you tell us Mr. McIlraith? Help us out if you can. Ask a leading question.

Mr. McILRAITH: I can help you out. They did not re-assess such property each year and it may not have relationship to the property immediately adjacent to it because they did not keep bringing it up to date by re-assessment if it was not paying any tax. The assessments were not kept up to date in the same way as on taxable property.

The CHAIRMAN: Mr. Adamson, have you a copy of your questions before you?

Mr. ADAMSON: No.

The CHAIRMAN: Will you take the witness—they are your questions—do read out the questions?

Mr. WRIGHT: I have a question to ask Mr. McIlraith.

The CHAIRMAN: Oh, no!

Mr. WRIGHT: I think he would be willing to try to answer.

The CHAIRMAN: That is between you two.

By Mr. Adamson:

Q. First, was there an engineer's report on the building at time of purchase?

The CHAIRMAN: He answered that.

Mr. ADAMSON: Yes, in 1943.

Mr. HARKNESS: Not until he made a search.

By Mr. Adamson:

Q. Was there an evaluator's report?—A. Almost certainly there would have been, but we have not actual records of that available.

Q. I think that might be useful because the department paid \$203,000?—A. We have called for those files from the records office and we hope to get those details.

Q. I have asked you what was the method used to estimate the cost of renovating old structures but as that is something of a more general nature I will leave it for the moment.

How the building was bought and from whom has been answered.

What commissions, if any, were paid on the purchase thereof and to whom? That has been answered.

Were there any adverse opinions about purchase?—A. That would depend again whether we can get the details but we have no record of any adverse opinions.

Q. Was there any inspection of the building before purchase?—A. I think that has been covered.

Q. What is the present state of the structure, and its expected life? I gathered twenty years of life expectancy.—A. Well, we would say in regard to that that the structure is at present in good condition and we would expect without any further major overhaul or capital investment the building would be good for another twenty years and during that period we would have to carry out routine maintenance.

Q. Would a new building have been cheaper? Your estimated cost at the present time of a new building is \$850,000 and the cost of the present building I gather from my rough arithmetic is \$450,000, the total cost of everything gone into it up until now?—A. Yes. \$850,000 is the estimated cost of providing that amount of accommodation under present prices in Ottawa.

Q. And your old building cost \$450,000 total up to the present time. What is the total cost up to the present time?—A. The total cost would include the purchase price of \$203,000, the agent for Justice fees, original alterations, \$42,425, installation of a sprinkler system and the further sum of \$254,750 which has been paid by the army to renovate it for its present use.

Q. What is the total of that?—A. \$508,688.38.

Q. \$508,000?—A. May I point out one thing in connection with that, that part of that expenditure does not add to the capital cost because it was in reconverting from the original use for which it was converted by the navy to make it suitable for use as reserve force accommodation. The navy had it fitted up for WREN's accommodation. A certain proportion of that was in altering partitions and making it suitable.

Q. I gather it has gone through three transformations?—A. It has. Yes, sir.

Q. The WRENS had it first, then was it not used for emergency shelter?—A. Yes. CMHC had it during that period and they spent a certain amount of money.

Q. Is that included in this?—A. No. We had included what has been spent by the Department of National Defence.

Q. Have you found out what CMHC spent on it as well?—A. We understand it is between \$40,000 and \$50,000 they spent.

Q. That would bring the cost up to about \$550,000?

Mr. McILRAITH: Was that for the benefit of National Defence?

The WITNESS: No. After it had been declared surplus by National Defence and made over for use by CMHC.

Mr. JAMES: You have already had approximately ten years out of the building?

The WITNESS: We have had from 1943 to 1946 and from 1950 to 1953, about seven years.

Mr. JUTRAS: Even if the navy, for instance had put up the new building, you would still have the same amount to convert to the army.

The WITNESS: A certain amount depending on the condition of the building when it was made over to us.

By Mr. Adamson:

Q. In estimating the replacement of \$850,000 is that at today's prices?—A. Yes.

Q. Not at the 1943 prices?—A. No.

Mr. APPLEWHAITE: This was not done in 1943.

By Mr. Adamson:

Q. New construction would have cost \$850,000 at today's prices?—A. At today's prices.

Q. When was the building first built? Have you that?—A. The original records say 1873 and there is another figure of 1890.

Q. I presume then it had renovation between 1873 and possible additions also. It is not a pre-confederation structure?—A. Not quite.

By Mr. Hunter:

Q. Have you any revenue derived from CMHC while they were in occupancy?—A. We have nothing to do with that. It was declared surplus and we had no dealings whatever.

Q. You have no records?—A. No.

Q. But there would be revenue?—A. We understand it was made over to the city for a nominal revenue of \$1 a year for use as shelter during that period.

Mr. ADAMSON: Will you get from the old files those records?

The WITNESS: We will search our files and we will obtain, if it is available, the answers to the questions you have asked on that.

Mr. FULTON: You said the building had been declared surplus. Do you know if that surplus has been revoked?

Mr. ARMSTRONG: If I might answer that, the declaration of surplus would be revoked when the army took that for their use. The practice in these cases is to inquire if other departments of the government have any use for the property. In this case for reasons Mr. Davis has given the army had urgent need for the property and they took it from Crown Assets Disposal Corporation and it is not today surplus.

Mr. FULTON: You say that would amount to an automatic revocation of the declaration? By what department was it declared surplus?

Mr. ARMSTRONG: By Reconstruction and Supply as I recall who took it on in 1946.

Mr. FULTON: They would presumably circulate other departments before they would make that declaration?

Mr. ARMSTRONG: Crown Assets Corporation circulate the departments in these cases to see if any other department has need of the property.

Mr. FULTON: Crown Assets Corporation makes the declaration?

Mr. ARMSTRONG: No. The department which is responsible for the property declares it surplus. Crown Assets Disposal Corporation circulates the other departments to see if they have a need for the buildings. In this case the army had need for the buildings.

Mr. FULTON: It was declared surplus to Crown Assets Corporation by Reconstruction and Supply?

Mr. ARMSTRONG: Yes.

Mr. FULTON: What was the date of the decisions of the Defence department that they had a need for the building?

The WITNESS: Actually it was prior to that, and knowing our requirements CHMC declared it surplus through Crown Assets Disposal Corporation.

Mr. FULTON: You entered into the premises, perhaps not physically, but as soon as that declaration was made, is that right?

The WITNESS: That is right.

Mr. FULTON: In the summary before us, Mr. Davis, your auditor's observation is "expenditure on Wallis House (13 personnel depot) of \$135,000 in excess of the authorizations for project on file." Can you tell us what that means and how it occurred?

Mr. ARMSTRONG: Perhaps I should answer the question. As Mr. Davis has pointed out the original authorization was for an expenditure of \$35,000. When the auditors examined the No. 3 Works Company they found from the records that there had in fact been spent on the property up until that date \$180,000. In other words, \$135,000 in excess of the original approval for the project. At this time when the audit report was received the matter was examined. Mr. Davis, as representative of the assistant deputy minister of requirements, went down to the building, examined in detail what had been done to the building, and while the regulations had not been complied with it was concluded after careful examination that the right result had been achieved and authority was given in the larger amount.

Mr. FULTON: Over what period of time had this expenditure of \$180,000 taken place?

Mr. ARMSTRONG: I cannot give it to you specifically. It would have been roughly from the summer of 1951 on to perhaps the summer of 1952, about a year.

Mr. HARKNESS: Your figures don't seem to jibe. You said \$180,000. It was \$135,000 more than the \$35,000 authorized. That would be \$145,000 more.

Mr. ARMSTRONG: You will recall the item of \$9,050 for the electrical contract. That was properly authorized.

Mr. FULTON: So that the excess had taken place in a period which you fix at the moment at approximately a year, the excess of expenditure over authorization?

Mr. ARMSTRONG: I think it is approximately a year. I have not got exactly the precise dates, but looking at these figures, it would be roughly over a period of a year.

Mr. FULTON: By whom was the authorization first made?

Mr. ARMSTRONG: I might explain that the regulation with respect to the authorization of projects to which irregularity No. 1 referred, provided that during this period the local commander of the works company was authorized

to approve projects for maintenance up to \$250; the general officer commanding had authority to approve up to \$5,000; the area commander, \$5,000; the local command engineer, or area engineer, \$1,000; army headquarters, \$10,000; the deputy minister, between \$10,000 and \$50,000; and projects in excess of \$50,000 required ministerial approval. In this case it was the deputy minister who approved the original \$35,000 and the \$9,000.

Mr. FULTON: Whose responsibility is it for the submission of works reports or progress reports on such projects?

Mr. ARMSTRONG: The responsibility rests on the local engineer officer of the works company to initiate the application for approval of additional funds. That would be channelled through the area and command through the National Defence headquarters, to army headquarters. They would then pass it down, if it was necessary, through the deputy minister, and he on to the minister, if ministerial authority was required.

Mr. FULTON: Did such a requisition for increased authorization come in during that year.

Mr. ARMSTRONG: No requisition came in during that year.

Mr. FULTON: Did I understand you to say that it was the responsibility of the officer commanding the works company if authorization was being exceeded?

Mr. ARMSTRONG: It was his responsibility to initiate the requests or requisitions for further approval.

The CHAIRMAN: Is your answer complete?

Mr. ARMSTRONG: Yes.

Mr. FULTON: In a project of this size, \$35,000, would there be anybody responsible for making periodic inspections over and above the officer commanding the works company?

Mr. ARMSTRONG: The area command engineer, and the command engineer are both responsible for inspections; and as I mentioned at the last meeting, there has now been established an inspection team—I think it is called an administration service team. They will go from National Defence headquarters; that is from army headquarters throughout all of the works companies throughout Canada and will report on this sort of thing.

Mr. FULTON: Were such inspections made during this year, when that work was proceeding? Do you know that, Mr. Armstrong?

Mr. ARMSTRONG: This project, I am told, was inspected during the course of this year by some officers from command and also from headquarters.

Mr. FULTON: And what reports did they submit?

Mr. ARMSTRONG: Let me see; there does not appear to be any written report at any rate until after this audit report.

Mr. FULTON: So it was the audit report which first drew it or brought it to the attention of the department that there had been an excess of cost of authorization. Is that correct?

Mr. ARMSTRONG: That is right.

Mr. FULTON: What action was taken? I am not referring to the action referred to in your note, but what action was taken with respect to those whose responsibility it was in accordance with the outline you have given us, to make these periodic inspections, when it was discovered that there had been this very great excess of cost?

Mr. ARMSTRONG: If you are referring to formal disciplinary action, there was none taken. These people were, of course, advised of the failure to comply with regulations and were instructed to comply with them in the future. However, there is some difference between this case and a case where there is a

failure to comply with the required procedures with respect to authorization that leads to a wrong result. In this instance, the engineer officer and the others involved were, in fact, and by subsequent examination it was confirmed, proceeding to a right result and in fact had done an excellent job. Under the conditions that existed at that time in terms of some shortages of staff, and the very considerable urgency to proceed with the project, this was not regarded as being the kind of breach of regulations that, in all the circumstances, would warrant a disciplinary penalty.

Mr. FULTON: Are you suggesting that the engineer officer in charge of the work knew the purpose which was in the mind of the department when the work was undertaken?

Mr. ARMSTRONG: I am not sure that I follow your question, Mr. Fulton. In the mind of the department when?

Mr. FULTON: You say that the reason no action was taken with respect to those responsible was that they produced a good result. In other words, boiling it down, you say the end justifies the means. Are you suggesting that they knew the purpose of plan in the mind of the department when the project was authorized?

Mr. ARMSTRONG: Well, I am suggesting—as I think Mr. Davis has pointed out—that the plan involved two things: It involved providing accommodation for reserve forces, for a number of reserve force units, and the more urgent need which arose in 1950 to provide space for a personnel depot because of the large recruitment problem at that time after Korea. And as I said, during the progress of this job, the command engineer, and I understand also an engineer from army headquarters, had visited the project and were aware of the purpose and of what was being done; so that the people concerned were certainly aware of the plan required for the renovation of the building.

Mr. FULTON: If they were aware of the purpose of the plan in mind, how was it that they were not aware of the fact that it must have cost more than the \$35,000 which had been authorized?

Mr. ARMSTRONG: I suppose that if they had stopped to think of this, they would have been aware of it; but I assume that perhaps they did not go back to the record and check to see if there had been a formal authorization of this amount of money, but rather they went ahead with the project.

Mr. FULTON: And you did not consider it as being anything more than a project which was justified by urgency that those people to whom you now refer as being in a position considerably senior in authority to that of the officer commanding the works company, should bring to the attention of the department the fact that this was going to be not just a small excess of authorization but a very great one, exceeding it by some four times. You think it was a minor matter?

Mr. ARMSTRONG: I do not regard it as a minor matter, no. I thought of it as being a most important matter, that these things brought to their attention; but under the circumstances it was not considered that formal disciplinary action needed to be taken.

Mr. FULTON: What action was taken at the time, apart from formal disciplinary action to make sure that such excess of authority would be reported? I know you have additional authority, and I know of the action taken in the past few months; but I mean at the time when this excess was pointed out?

Mr. ARMSTRONG: That was in 1952. I think the date of this report is the 2nd of January 1952.

The CHAIRMAN: Yes, January 2, 1952.

Mr. ARMSTRONG: The action that was taken at that time was to investigate the project completely and army headquarters undertook to bring to the attention of the people involved the non-compliance with these regulations.

Mr. FULTON: According to the report by command or army headquarters:

This involved the renovation of a building which, as the work proceeded was found progressively to involve more extensive repairs than could be ascertained at the start and the entire project was subsequently approved.

Why could it not be ascertained at the start?

Mr. ARMSTRONG: That is a technical problem and I must ask Mr. Davis to answer your question.

The WITNESS: In a question of renovation of this nature, it is only as the work proceeds that you can arrive at the extent to which certain services have deteriorated. It is not until you uncover portions of the roof, for instance, that you can tell to what extent the wood and insulation in such roof has deteriorated. And it is only when you start to strip down the original wiring in a project that it can be told to what extent the whole wiring might have to be done again; and so on with the plumbing. They say that they had to do more than was foreseen with the \$35,000 project. Having opened up the plumbing, taken down the wiring, and having stripped the roof, it was found to be more economical to do the whole thing at once rather than to try to do a small portion of work in some section of the building and later on go ahead and do the rest of the work.

By Mr. Fulton:

Q. Why was an actual survey not made at the time the plans were drawn up?—A. Such a survey was in process of being made when the Korean emergency arose and it had to be accelerated. The work started in advance of a complete survey and final plans for the whole depot, in order to get on with the personnel depot; and it then became evident that certain additional work had to be done and that it would be more economical to do it at the same time.

Q. You told us, Mr. Davis, that the original declaration of surplus was made on the 10th of August, 1950, a date which was about six weeks after Korea. I think you gave us the date of the start or commencement of construction as being some months later than the 10th of August, 1950. Are you suggesting that a period of four or five months was not sufficient to inspect the engineering, or for a survey to be made of the building so that you could get an actual survey of what would be necessary?—A. Actually, Mr. Fulton, before the building was made over finally, DND was actually in occupation of it and a certain program of work was going on under the personnel depot authorization, and it was some time before the plans were prepared for the long-term development for the reserve force armoury.

Q. When such matters are uncovered such as the necessity for complete re-wiring and renovation of plumbing and so on to which you have made reference, would it not be the practice of your engineer officers to report to some higher authority that it is going to be very much larger than the project which they had first envisaged?—A. I think so, yes, it would.

Q. Are you aware of any steps taken to bring those facts to the attention of any higher authority?—A. I am not personally aware of it, but I understand that it was brought to notice that it would involve more, and that steps would be taken to ascertain the over-all expenditure for the requirements, and that it would take time.

Q. Do you know to whom those reports were directed?—A. Not directly; but eventually they should get to army headquarters.

Q. To what part of army headquarters?—A. It would be the directorate of works.

Q. Do you know what was done with the knowledge or the report when it reached there?—A. I think that action was taken on it to inspect the building and to ascertain what the final requirements would be.

Q. Do you know what date or time that was?—A. I do not know the dates of the different inspections. I know the time the final inspection was made in which I was personally involved.

Q. What date was that?—A. That was on the 17th March, 1952.

Q. And was that the first time that had come to your attention?—A. Well, I only joined the department in February of 1952, so that was the first time it was drawn to my attention.

Q. Do you know if it came to the attention of anybody you replaced, or whose place you took when you joined the department, prior to that?—A. No, I cannot say that.

Q. So that really you perhaps do not have any detailed knowledge of that prior to your joining the department?—A. Only what we have on record here. The person I replaced has since left the government service and I do not know whether he knew of it personally, but there is no official record of it having been brought to his notice.

The CHAIRMAN: Mr. Fulton, could I give you a rest for a few minutes? Mr. Applewhaite has some questions to ask.

By Mr. Applewhaite:

Q. I would like to ask a few questions regarding the history of this building. It was first purchased for the Department of National Defence in 1943?—A. That is right.

Q. That was during the war?—A. That is correct.

Q. What was the reason or reasons, if any, that the department purchased this old building instead of building a new one?—A. In 1943 I imagine that the time element would have been one of the reasons. Failing the actual files and the result of the engineering reports that were made on that, I cannot answer that question in detail, but I know that it would have taken considerable time to build this construction.

Q. Well, was there an urgent need for the building at the time?

Mr. HUNTER: No, they just bought it for fun!

Mr. APPLEWHAITE: I was asking the witness.

The WITNESS: We understand it was urgently required for WREN accommodation at the time and it was for that purpose it was required.

Mr. ARMSTRONG: Your question was not directed to me, Mr. Applewhaite, but I might enlarge on the question of purchasing the building rather than constructing it. As you know, during the last war there was a considerable shortage of construction materials, steel and other things, and it was the practice of the Department of National Defence to acquire what accommodation they needed by the use of existing accommodation as far as possible, and it was done in this case.

By Mr. Applewhaite:

Q. And the final transformation to its present purposes was undertaken in 1950 or 1951?—A. Yes, starting in 1950.

Q. That was at the time of the Korean crisis?—A. That is right, sir.

Q. So the building was purchased in the first place when we were suffering from one crisis, and its conversion to its present purpose occurred during another crisis?—A. That is correct.

Q. And there was an element of urgency in both cases?—A. That would be correct.

The CHAIRMAN: Mr. Davis, let me put this question. I came to the conclusion that what you said to the committee was that this building was spoken for by the Department of National Defence and, that is was occupied by the Department of National Defence before the declaration of surplus was made. That the repairs were carried on while the building was partially occupied.

The WITNESS: That is correct. I am not quite sure of the dates when the actual physical occupation took place, but I believe it was before the formal transfer was made.

By Mr. Pearkes:

Q. I would like to ask a simple question: why was not proper authority obtained for these expenditures?—A. I am sure if we had time to carry out the building survey, that there would have been no difficulty in passing the paper and getting the necessary authority.

Q. Why was it not done?—A. Because of the necessity for immediate occupation of this building as a personal depot in order to carry on recruiting for Korea.

Q. How long does it take to make an urgent requisition for an expenditure of additional amounts? How long would that take to go through the department?—A. That would take a matter of days, sir, but it would require a reasonably accurate estimate of the cost, which they did not have and which they were not in a position to make at that time.

Q. Do you mean to say that these various engineer officers did not know the amount that they were authorized to spend?

Mr. ARMSTRONG: Obviously they would know the amount they had authorization for on a project.

Mr. PEARKES: They knew the amount they were going to expend was in excess of the amount they were authorized to spend?

Mr. ARMSTRONG: That is right. The authorization for the project was \$35,000 plus de \$9,000 as maintenance expenses. If I may expand a little in relation to your first question, it seems to me that probably the explanation of why this did not come for increased authority is, as Mr. Davis has explained, that as they went along it was only then that they could determine what, in fact, had to be done to the building, as they opened up the walls and found what was inside, and so on. During this period they charged the cost to their maintenance allotment. The senior engineers were aware that this building was being renovated, and more extensively than the original authorization, but the reason, I think, that one must give for them not having come forward sooner for a request for a larger amount is that they felt it was desirable to determine what the whole project would cost before they asked for approval. Now, as I said, we do not agree with this procedure, but that is what happened in this case and I do not know that you can explain it very much further than that.

Mr. PEARKES: May I ask: The officer in charge of the works—that would be the works company or the works unit of the army works service?

Mr. ARMSTRONG: That is right.

Mr. PEARKES: He is authorized to spend, I think you said, \$250. I think it was Mr. Davis who said \$250—is that correct?

Mr. ARMSTRONG: I beg your pardon; I did not hear that.

Mr. PEARKES: The officer in charge of a unit of the army works service actually carrying out the work is authorized to spend \$250?

Mr. ARMSTRONG: That is right.

Mr. PEARKES: Now, if he wants to spend more, he has to get authorization from the engineer officer of the area. Is that right?

Mr. ARMSTRONG: That is right.

Mr. PEARKES: Who has authority to spend how much?

Mr. ARMSTRONG: \$1,000.

Mr. PEARKES: So, all the officer commanding of the army works service had to do is to ring up his next senior and ask him if he could go ahead and spend up to \$1,000 more, as it was obvious that work had to be done. Now, if the army engineer officer of the area had not got the authority to spend to the amount required, his next senior is the command engineer officer?

Mr. ARMSTRONG: That is right.

Mr. PEARKES: Who has the authority to spend up to?

Mr. ARMSTRONG: \$1,000.

Mr. PEARKES: He has the authority only to spend \$1,000?

Mr. ARMSTRONG: Both the area and command engineer had authority to authorize \$1,000.

Mr. PEARKES: And then the next step is to go to where?

Mr. ARMSTRONG: The area commander and the general officer commanding each have authority to spend \$5,000.

Mr. PEARKES: Well, all it seems to me they had to do would be to get on the telephone and say it is quite obvious that the work that we are now doing is going to exceed \$250.

The CHAIRMAN: General Pearkes, it is also obvious they did not do it.

Mr. PEARKES: That is what I am getting at.

The CHAIRMAN: There is no denial. They have all said this should have been done and it was not done.

Mr. PEARKES: And this condition was allowed to go on for one whole year?

Mr. ARMSTRONG: Yes, roughly.

Mr. PEARKES: And the thing was never found out until the auditor went around?

Mr. ARMSTRONG: I might say that there is one point in connection with your questioning, that I have not brought out. In 1950, in the latter part of 1950, there was a bulk allotment of funds of \$50,000 to take care of this work on this building for the reserve officers unit. Now, that was—

Mr. WRIGHT: Mr. Chairman, we cannot hear at this end of the room.

Mr. ARMSTRONG: —that was the allotment from the estimates, that is, \$50,000 was made available out of the amount allotted for this command to continue this work; but, of course, that does not eliminate the need to have had an approval for the project. But this indicates that the command and headquarters had given their blessing to proceeding up to another \$50,000.

Mr. WRIGHT: Mr. Chairman, would the witness please address the committee as a whole rather than the questioner? By his doing that it will enable us to follow what is going on.

Mr. PEARKES: Was it at the level of the officer in charge of works service unit or of the area engineering officer where there was failure to get higher authority to proceed?

Mr. ARMSTRONG: Well, frankly, Mr. Pearkes, I am afraid I am like Mr. Currie—I just cannot say who is to blame in a case like this. There are a variety of authorizations required and procedures to follow, and officers change, and just who could be said to be to blame in this particular instance, I just cannot say.

Mr. PEARKE: Was any effort made to find out where the blame should have been placed?

Mr. ARMSTRONG: Yes, as I said, after the audit report was made there was a complete investigation of the project. An effort was made, naturally, to find out exactly what had happened. That investigation resulted, as I pointed out before, in the conclusion that this was a job that had been well done and at a fair cost, that somewhere in the process—the paper work was not completed—and I think, I am not sure whether the investigators found this out, but I am quite satisfied myself that it would have been exceedingly difficult to have said in respect of any certain individual, "You are the responsible one for not having obtained that authority to proceed in accordance with the regulations". You said earlier, or Mr. Davis said earlier, that this work was carried out by day labour. Was the whole of the work carried out by day labour, or were there any civilian contractors?

The WITNESS: There was one portion carried out by contract. That was the electrical portion consisting of \$9,750. The balance of the work was by day labour and the reason for that is that unless one can specify accurately beforehand the extent and nature of the work it is impossible to call for tenders and get a lump sum contract for it.

Mr. DICKEY: Just following up that line may I ask the witness if it is not true that the rather attractive solution suggested by General Pearkes of getting successive authorization of \$1,000 or \$5,000 according to the authority of authorized commanders—if that would not constitute splitting, which is also against regulations?

Mr. ARMSTRONG: Yes, that is to get successive authorizations by the GOC or area commander, that would be called splitting if the project in fact was going to cost considerably more than this expenditure authorization.

Mr. DICKEY: And that is equally against regulation.

Mr. ARMSTRONG: That is right.

Mr. HENDERSON: Mr. Armstrong, regarding the authorization for money expenditures on this building, did you get your full value in your consideration?

Mr. ARMSTRONG: That is the opinion of the experts who thoroughly investigated this project in March, 1952.

Mr. FLEMING: Mr. Armstrong, I think this irregularity in connection with this particular project is by no means an isolated or unique irregularity in the experience of the department.

Mr. ARMSTRONG: Well, it certainly is not an unique irregularity.

Mr. FLEMING: Is it unique in this respect, that it went on right at Ottawa here under the noses of all the officials and officers concerned and continued for a period of a full year?

Mr. ARMSTRONG: When you say under the noses of the people here you appreciate that the works company in Ottawa that was doing this job reports not directly to army headquarters and army headquarters are not directly responsible for them. They report through the command. It is really a question of being under the noses of the people in Oakville or Toronto.

Mr. FLEMING: Is there anything different in that respect as to what happened in this case from what happened in other cases of which you have some knowledge?

Hon. MEMBERS: What other cases?

Mr. FLEMING: The other 155.

The CHAIRMAN: Let us deal with each one of them because they are all different.

Mr. FLEMING: Well, Mr. Chairman, I am concerned in following this up.

Mr. ARMSTRONG: Irregularity number 1—

The CHAIRMAN: What do you mean by number 1, refer to it.

Mr. ARMSTRONG: Exhibit 1 in the first column of appendix B deals with this kind of irregularity where a project has been proceeded with without proper authorization. These are all listed. Petawawa, Montreal, Victoria, Vancouver and Regina, on this exhibit number 1 which you have before you.

Mr. FLEMING: I fully appreciate that but it does not answer my question. You are familiar, from the inquiry into these irregularities, with the extent and nature of them and the extent to which they were continued, and the expenditure and the lack of supervision. In this particular case you have indicated you still have not found out any responsibility upon particular people in the department. Is there anything unique in that respect in so far as Ottawa is concerned where, after all, you have the headquarters of the Department of National Defence, and the situation, you have told us, continued over a year.

Mr. ARMSTRONG: As I said, this is not unique, but I think I pointed out before that where there have been substantial expenditures in excess of authorization for a project they have been investigated—if that investigation discloses that there was a wrong result—as I called it—then certainly some disciplinary action would be taken. There is a difference. Perhaps the examples that might be noted is the item—well, I was going to say Regina House as against this Wallis House project.

The CHAIRMAN: Where is the Regina House in exhibit 1?

Mr. ARMSTRONG: It is shown as irregularity number 3 and that is shown under splitting of authorization.

Mr. FLEMING: You indicated to us that no disciplinary action of any kind has followed this particular irregularity.

Mr. ARMSTRONG: That is right. None that I am aware of.

Mr. FLEMING: You would be aware of it if any had been taken?

Mr. ARMSTRONG: I would be not necessarily aware of it. If the local commander had perhaps taken some disciplinary action it might not come to my attention.

Mr. FLEMING: When an irregularity like this occurs on a scale where an authorization of \$35,000 is made the occasion for an unauthorized expenditure of \$135,000 is it not clear, and does your investigation not really show that the responsibility extended higher up as well as to the officer in charge of the works detachment directly assigned to the work.

Mr. ARMSTRONG: Well, as I pointed out the command allotted \$50,000 in addition to the \$35,000. It is possible, yes, I think. As I said, other officers who were aware of this project probably, if they had been in different circumstances, would have seen that some authority had been obtained or some further authority was obtained from the deputy minister, but again, there were rather difficult circumstances here in renovating an old building and the great difficulty of determining in advance what the project would in fact cost.

Mr. FLEMING: You are aware that the regulations are quite clear as to whether there is an old building involved or a different kind of building involved.

Mr. ARMSTRONG: The regulations are clear. They do not make any exception for this.

Mr. FLEMING: How high up within the department did the information go or the knowledge go that this work was proceeding far in excess of the authorization.

Mr. ARMSTRONG: Well, I do not know where it stopped. It did not come to the deputy minister's attention until we got the auditor's report. Now, who in the army knew about this during this period I am not sure.

Mr. FLEMING: I presume that information can be obtained Mr. Armstrong?

Mr. ARMSTRONG: It may be available.

Mr. FLEMING: Well I would ask that that information be obtained.

The CHAIRMAN: He answered the question Mr. Fleming. He said it did not come to the attention of the deputy minister until the auditor made his report. That is the answer to that question.

Mr. FLEMING: You overlooked my previous question Mr. Chairman, to which the witness replied "I do not know". The question was, how far within the department did the knowledge go that expenditures were being made which were far in excess of the authorization. The witness said "I do not know" and I am asking for that information.

The CHAIRMAN: Are you interested in anyone below the deputy minister?

Mr. FLEMING: I am interested in knowing how far up, to what level, the information went that expenditures were being made on this project far in excess of the authorization.

Mr. DICKEY: I think that is an impossible question for the witness to answer.

Mr. ARMSTRONG: As I said, I cannot say specifically how far it went and, as a matter of fact, I do not know whether any of these people would have known specifically during this period how much was spent on the project unless someone had brought all the information to their attention. They knew the project was proceeding and that there was an original \$35,000 for it. There was a further allotment of \$50,000. Whether their judgment is such that they could at any one time say with assurance we have already spent \$50,000 I frankly do not know.

Mr. FLEMING: Mr. Chairman, surely we are not going to be told it is impossible to find out within the department who were aware of this; how far up in the ranks of seniority within the department that information went. Surely it is possible to get that information. I think it is important. If the witness has not got it, I would ask that a witness be obtained who has got that information.

The CHAIRMAN: It is possible no one has the information. But the witness will make inquiries and if it is possible to get it he will get it.

Mr. PEARKES: Mr. Chairman, I think it is rather important because here you have a junior officer only authorized to spend up to \$250 and surely we are not going to put all the blame on him for having spent up to \$130,000 in excess of what he has. That would be a very serious breach of discipline. There are other officers up the scale who are authorized to spend more money; \$1,000 in the case of an area engineer officer.

Mr. ARMSTRONG: I did not say the blame was on the Works Company engineer. I said we had not been able to put the blame on any individual.

Mr. DICKEY: I would like to point out that we should not put the witness in an impossible position. He has been asked to give evidence how high in the department certain knowledge went. Nobody can tell that. If the witness can find any evidence of reports and to whom they were referred, fine; but he certainly cannot be put in a position of being asked to give evidence of what was in the mind of anyone as to knowledge.

The CHAIRMAN: If there is any way for the witness to acquaint himself with further facts which he may not have with him today, I can see no reason why he should not, when he is back again he may be able to clarify the matter.

I fail to see the point in a great deal of this questioning. All I can see here is that the Department obtained a building, someone said there is a job, get on and do it, and they got the job done. It was an honest-to-goodness effort to get on with the work that was necessary but they failed to get the paper work done. There was no authorization it came along later because it was impossible to know how much to authorize at the time the work began.

Mr. FLEMING: I want to make an observation on the observation you made. It sounds beautifully simple and inferentially it sounds as though we are proceeding with an examination to no good purpose. I want, on the contrary, to put before you and the committee a very different picture of this. It is utter looseness in a department that goes on in Ottawa under the noses of...

The CHAIRMAN: That is nonsense.

Mr. FLEMING: You made your statement and I am going to reply.

The CHAIRMAN: You twice repeated that word, these people had long noses. Do you think these people had long noses.

Mr. FLEMING: If they do not have long noses, lot of people had their eyes shut. I am very much concerned as I think all members should be in getting to the bottom of these irregularities.

Mr. JUTRAS: Ask some other questions?

Mr. FLEMING: I am not submitting to that either. You have undertaken to put a complexion on this. Here is something going on for a full year and I say that shows a great deal of looseness in the department and I want to get to the bottom of it.

The CHAIRMAN: He has given you as frank and fair an answer as he can. You have no reason to complain. Get on with something else. There is nothing further to ask along that line.

Mr. FLEMING: How do you know?

The CHAIRMAN: It is not possible unless you want to tear the building down brick by brick. I have heard as many questions as could possibly be asked. I would like to hear a new question.

Mr. FLEMING: Anybody can say that sitting where you are, but I want to make it quite clear we are not submitting to that sort of thing.

By Mr. Harkness:

Q. Mr. Armstrong and Mr. Davis, when the renovation of this place as a personnel depot was decided upon, I presume that an estimate was made as to the cost and it was \$35,000. Is that right?—A. Yes.

Q. And a further estimate of \$10,000 for the electrical work?—A. At that stage, yes.

Q. Were any further estimates submitted from that stage on?—A. Yes, a final estimate of what the complete cost would be.

Q. After the work was completed?—A. No, when it was in progress.

Q. When was that estimate made?—A. I cannot tell you exactly when it was made but the date it was forwarded to Ottawa, was the 20th of March, 1952.

Q. That was practically when the work was completed. It was after the expenditure of \$135,000 excess?—A. That is correct.

Q. And after the auditor's report had been turned in?—A. That is right.

Q. As a result of that. It appears that there were no estimates during the time this work was going on?

Mr. ARMSTRONG: There was. I mention that allotment of \$50,000.

Mr. HARKNESS: Was an estimate made that as a result of which that was made available?

Mr. ARMSTRONG: I assume there was some sort of an estimate made but I would expect it was not in any detail at that stage.

Mr. HARKNESS: It would appear all this excess work was going on and no estimate put in and they made \$50,000 available and still there was no definite basis for that?

Mr. ARMSTRONG: Which?

By Mr. Harkness:

Q. For the \$50,000 to be made available.—A. I think, if I might answer that, the \$50,000 placed in the estimate would be for commitment authority to cover approval when the estimates were prepared and the \$50,000 would not necessarily be an accurate estimate of the complete cost. This project was being planned for reserve accommodation at the same time the personnel depot was being developed. This provision of \$50,000 was to enable such expenditure as they estimated would be done during the current year to be covered with the necessary funds.

Q. The situation is after the original estimates, \$35,000 and \$10,000, there were no further estimates until the auditor had found out this money had been spent?—A. There was no breakdown of the work but I don't know what estimates were made on the job of probable expenditures.

Q. Would it not be normal for an estimate to be made when this building was stripped and you found you had to renew the plumbing and all these things?—A. There was a new expenditure brought to light during a large portion of the work. As they continued stripping out part of the building they found further items had to be covered. In the kitchen they found parts of the wall had to be stripped and replastered. It was difficult to finalize it. You might be able to make an interim estimate and ask for further funds, but again it would be open to the same criticism when you would not be able to give the complete and overall picture which is required to get approval.

Q. In other words the work just went ahead without bothering about approval at all?—A. There is no doubt that the regulation was not followed in this case. We have taken some steps to improve the situation. There have been inspection teams authorized by National Defence headquarters.

Q. The reason I ask you this was really along the same lines as Mr. Fleming as to where these estimates would have gone, where in the department?—A. If the regulation had been followed any estimate that was made would go through the command channel and up to army headquarters and down to the deputy minister for approval and if necessary through to the minister and possibly up to the Treasury Board.

Q. You said all this work was done by day labour except for the electrical contract and that included all the plumbing too, did it?—A. That is correct.

Q. How was this labour and how were the materials paid for if there was no authorization?

Mr. ARMSTRONG: I have already answered the question. It was paid from the allotments made. They simply charged it to maintenance.

By Mr. Harkness:

Q. These people actually were paid as the work went on?—A. Certainly.

Q. Out of the maintenance allotment?—A. Yes.

Q. Who was supposed to check on that maintenance allotment to see it is not misspent?

The overall responsibility for administration in each command of course is the general officer commanding. As far as the total funds allotted for maintenance are concerned the channel flows down as I have already

explained with the authority being delegated down and when something is spent not in accordance with regulations, well the person who spends it outside of the regulation is responsible.

Mr. HARKNESS: Do you place the responsibility then on the general officer commanding that command?

Mr. ARMSTRONG: I said that I do not place the responsibility on anyone and I have not personally attempted to determine the individual who was to blame.

Mr. HARKNESS: Who issued the cheques?

Mr. ARMSTRONG: All cheques issued in respect of the Department of National Defence expenditures are issued by the Comptroller of the Treasury.

Mr. HARKNESS: And who would authorize him to issue these particular cheques?

Mr. ARMSTRONG: He would issue the cheques upon certification of an invoice by the works company engineer.

Mr. HARKNESS: In other words, the works company engineer would certify?

Mr. ARMSTRONG: That the goods were received.

Mr. HARKNESS: That the goods were received.

Mr. ARMSTRONG: And they would be passed on down to the Treasury.

Mr. HARKNESS: And the area engineer would O.K. them; and then where would they go?

Mr. ARMSTRONG: They go to the local Treasury officer who would issue the cheques on the basis of invoices properly certified by the person who received the goods.

Mr. HARKNESS: There must be a sort of hiatus, you might say, between the man who has authority to spend only \$250, and who says that he has received goods or labour extended to the value of \$135,000, and the Treasury officer who just pays out the \$135,000?

Mr. ARMSTRONG: The Treasury officer would have no way of knowing, as far as he is concerned, that the payments out for projects in this case, or for particular materials, whatever they may be, were being applied to projects for which authority had been limited at that time to \$35,000. These would be charged to the maintenance fund.

Mr. HARKNESS: It would indicate a breakdown in financial control.

Mr. FLEMING: It would indicate certainly that there was a loose situation.

The CHAIRMAN: Thank you for the help. I expected much stronger words. "Breakdown and loose situation"; I realize what is meant. You started out, Mr. Harkness, by putting a very leading question; and then Mr. Fleming helped you out. Ask him a question directly and let him use his own language.

Mr. HARKNESS: I think these are quite logical questions, Mr. Chairman. I am trying to get at where this breakdown in financial control was that would allow a thing like this to happen.

The CHAIRMAN: You have been most helpful. I have been sitting here waiting to ask the very same question, how was it done?

Mr. HARKNESS: I am still not clear how it was done.

The CHAIRMAN: I am now. Go ahead.

Mr. HARKNESS: It seems to me, as I have said, there seems to be a piece missing someplace.

Mr. ARMSTRONG: I am explaining how it was done. It was charged to general maintenance, but today it would not be charged to general maintenance.

Mr. HARKNESS: That indicates a lapse so far as financial control is concerned, does it not?

Mr. ARMSTRONG: Well, it indicates that this project was proceeded with without proper authority, yes. And as I have said, we do not look with favour on this.

The CHAIRMAN: The committee shares your view.

Mr. ARMSTRONG: And our endeavours today are based— —

Mr. HARKNESS: I think that is a masterly understatement; but we still have not got any indication as to how this sort of thing might be stopped.

Mr. ARMSTRONG: Perhaps you are right; obviously, if it could happen, then there was something wrong. But again, you must remember it was during a period when there was a great deal of renovation of buildings which were built during the war and other buildings that were urgently needed because of Korea and for the accommodation required for the 27th Brigade. Under normal circumstances, where we can estimate and determine with a reasonable degree of certainty what it will cost for maintenance, we can control these procedures quite adequately. Now, in this period, obviously the estimates for maintenance were subject to some considerable margin of error; and if you have an allotment of funds that leaves room for someone to proceed with a project of this kind without getting it properly authorized, it is possible to do it.

Mr. HARKNESS: How much would central command have for maintenance in that particular year, 1950 to 1951?

Mr. ARMSTRONG: I will see if I can get that for you. I have not got it for the commands.

Mr. HARKNESS: Have you got it for the areas, then?

Mr. ARMSTRONG: I can give you the maintenance allotments for the whole army but I just have not got them right here for the commands. However, we can get them broken down for you.

Mr. HARKNESS: Yes, but better still, let us have the allotments for the areas, let us say, for the Kingston area.

The CHAIRMAN: You won't have another question next day when he answers this one, will you? If you could ask it now, then he will have both answers for you.

Mr. HARKNESS: There must be a definite allotment for these areas for maintenance. And I was wondering what proportion of that maintenance allotment was spent on this particular house, because if it was a fairly large proportion in fact, then a large number of people should have been aware immediately that there was something wrong.

The CHAIRMAN: He will get that for you.

Mr. ARMSTRONG: I will get those figures for you. I have not got them with me today. I am sorry.

The CHAIRMAN: Mr. Applewhaite.

Mr. APPLEWHAITE: I trust you will regard these questions as being relevant. Up to the period when these irregularities took place, was this building, Wallis House, occupied and in use?

Mr. ARMSTRONG: Yes, it was in use.

Mr. APPLEWHAITE: For what purpose?

Mr. ARMSTRONG: For a personnel depot; that is, No. 13 personnel depot. It receives applicants for the army and handles recruits. It has some accommodation to quarter transients there.

Mr. APPLEWHAITE: Is that what is partially known as recruiting?

Mr. ARMSTRONG: That is right. It is known as recruiting.

Mr. APPLEWHAITE: Recruiting for what?

Mr. ARMSTRONG: They were recruiting for the 25th Brigade, the Korea brigade which was started in that period.

Mr. APPLEWHAITE: For Korea?

Mr. ARMSTRONG: For Korea.

Mr. APPLEWHAITE: About how many people occupied the building?

Mr. ARMSTRONG: I have not got the actual numbers that have been occupying it; but it has accommodation for about 100. I have the figures of the people who applied for enrollment up to the end of December, 1952. There were 4,752 applications for enrollment that had been processed.

Mr. APPLEWHAITE: During how long a time?

Mr. ARMSTRONG: That was from the commencement of operations, 1950 to December, 1952.

The CHAIRMAN: June, 1950, I presume.

Mr. ARMSTRONG: And then there were 2,463 people actually enrolled into the active forces.

Mr. APPLEWHAITE: Could you give us any idea what proportion of the building was actually in occupancy? Was it one-third, one-half, one-eighth, or what?

The CHAIRMAN: When?

Mr. APPLEWHAITE: During the period when these so-called irregularities occurred?

The WITNESS: The portion of the building afforded to the personnel depot was 14,810 square feet out of a total area of 45,190 square feet.

By Mr. Applewhaite:

Q. Would it have been possible to approach this problem of conversion from what I assume is the proper and best engineering method, that is, to tear up the whole building at once and do the whole job at once, or did you find that you were having to work in part of the building for a while because the rest of it was occupied, and then you would have to move on to another part?—

A. Actually, there was a good deal of what you have mentioned, that is, shifting accommodation around while they renovated different portions of the building. There was, possibly, one-third of the building in occupancy at a time, which left the other two-thirds of the building available for work to be carried out.

Q. Would that fact have influenced you at all in the decision to work by day labour instead of allotting a contract?—A. Yes. That is a factor. In working in that way, there is more flexibility in carrying out work to suit the occupants than if you call in an outside contractor who has bid on a firm price and who requires the exclusive use of the building to carry on his work.

Q. Would that same factor increase the cost of the operation?

The CHAIRMAN: I think he has answered that question.

The WITNESS: It would tend to do so, but it is very difficult to give an estimate of the amount.

By Mr. Applewhaite:

Q. This is my last question. Was accommodation available elsewhere to which the occupants of Wallis House might have been transferred so as to leave the building empty while these renovations were being done?—A. I think not. That was the whole purpose of taking it over initially, because it provided the necessary accommodation for this personnel depot.

The CHAIRMAN: Mr. Herridge.

Mr. HERRIDGE: This building appears to have been used, or was used, for recruiting. Was that recruiting for the Ottawa area, or a portion of Ontario, or was it the central office for recruiting in the whole of Canada?

Mr. ARMSTRONG: This was for the Ottawa area, I believe—yes, it is the Ottawa area only. There is one in Kingston, Toronto, and so on. This was for the Ottawa area only.

Mr. FULTON: How many men were recruited?

The CHAIRMAN: He gave those figures; they are on record, Mr. Fulton.

Mr. WRIGHT: Mr. Chairman, I do not get the trend of Mr. Applewhaite's questioning. He indicates that because a thing is difficult it should be carried out in an irregular manner.

Mr. APPLEWHAITE: I am going to object to that, Mr. Chairman. I asked the questions, I indicated nothing and expressed no opinion, and I object to any deduction like that.

The CHAIRMAN: Mr. Wright.

Mr. WRIGHT: The question is this. As the witness has indicated, cheques were issued and the treasury office would have no knowledge whether anybody authorizing the change was a person in charge.

The CHAIRMAN: He did not say that.

Mr. WRIGHT: The witness said that the treasury office, when those cheques were issued, would have no knowledge of whether anybody issuing the cheque had authority to issue cheques up to \$250, or whether he had authority to issue cheques over that amount.

Mr. ARMSTRONG: Mr. Wright, there is a little confusion there. I did not actually say that. The treasury—that is—the Comptroller of the Treasury issues cheques. No one in the army works services or in the Department of National Defence issues cheques. This is covered by the Financial Services Administration Act, and a departmental officer, a responsible person is required to certify, in respect of any invoice, that the goods have been received and they are in accordance with the contract and the price is fair and reasonable. Now, on a construction project—that is, a new construction or a renovation or structural change in a building—at the present time these are all set aside in the treasury records as projects, and the actual cost and payment of bills in respect of those projects are charged to that item. There is a general allotment for maintenance purposes, and for obvious reasons the treasury do not attempt to keep a detailed record of each individual item of maintenance because it would be an enormous task, but they would pay the bills on certification by whoever is responsible for certifying them.

Mr. WRIGHT: Yes. Well, they apparently issued cheques on the authority of someone in this case who did not have authority to pay for projects to the extent that they were doing.

Mr. ARMSTRONG: I did not say that. What I said was that any bill that was paid by the treasury would be properly certified, that the goods were received in accordance with the contract and that the prices were fair and reasonable. Since this was being charged against the maintenance allotment, the treasury would have no individual allotment for this particular project and, therefore, would not be concerned at all with the fact that the project itself was costing what it was.

Mr. WRIGHT: It seems to me there is a looseness there that the treasury department should have knowledge of.

Mr. ARMSTRONG: I thought I made it clear.

Mr. FLEMING: It is an understatement!

Mr. ARMSTRONG: I am glad of any advice to eliminate it, if there is any looseness. The way this works, on projects that involve new construction, that are new buildings and new contracts, and so on, they are set up as an individual project and the treasury department do allot the expenditures against them. But for maintenance, where you have, in a camp, the painting of buildings and general maintenance and repairs that go into it, that is controlled by a total allotment. Now, I did mention earlier that that kind of control is perhaps less effective than normally when you embark on a period of rapid expansion and development of wartime buildings getting ready for accommodating the Korean brigade, the 27th brigade, and so on, because you do not then have the kind of material to estimate as accurately as you otherwise could the amount of funds that should be available for maintenance.

Mr. WRIGHT: It is indicated here, I think, that there were other cases somewhat similar in nature to this in this progress report, and I would ask, Mr. Chairman, if we could have extracts from all of the chief auditor's reports on other branches of the service since March, 1950, where authorizations were exceeded. It seems to me we have got to have additional instances; one is not enough.

Mr. DICKEY: On a question of privilege, Mr. Chairman. Mr. Wright has questioned my remarks. Actually, I was simply pointing out that in Exhibit No. 1, in Appendix B, there are six individual instances and they are all here in the report before us.

Mr. WRIGHT: They are all here in the report before us, as I understand it, on the army works services. I am asking this same information in respect to other branches of the service, in which I expect the chief auditor did some investigation and work to see whether this condition was general in other branches of the services as well as the army works services. I think this committee would have to have that knowledge.

Mr. ARMSTRONG: If I may say so, Mr. Chairman, there is not a corresponding problem in the other branches of the service. This refers to a problem which arises out of the job the army works services are doing, that is construction, where it is necessary to lay down regulations in respect of projects that may be authorized by individuals, and so on, but this particular thing does not apply in the other branches, the ordnance, the medical corps, and so on.

Mr. WRIGHT: There are other branches of the service that do some construction work on their own?

Mr. ARMSTRONG: No, no other branches of the army.

Mr. PEARKES: What about the air force? They have similar works services.

Mr. WRIGHT: I want to pursue—

The CHAIRMAN: There is nothing to pursue.

Mr. WRIGHT: —if there are other branches of the service—

The CHAIRMAN: We are dealing with Exhibit No. 1. When we have finished with that we will deal with other matters on the agenda.

Mr. MCLRAITH: I think it is clear here that Mr. Wright did not understand that the army works services have the responsibility of doing all the construction work for the army, and then his question following up on that was, what about the navy, the air force. That is what I understand.

The CHAIRMAN: At the moment, we are not concerned with that.

Mr. WRIGHT: I am only asking that that information be obtained.

The CHAIRMAN: I cannot give any understanding at the moment. I do not know what you are getting at or what it is exactly you want. After a while we will be dealing with the air force, the army and naval projects, if you can relate your request to a project, I will be very glad to obtain the information, but for the moment let us complete the matter before us.

Mr. WRIGHT: I was only giving notice that I wanted this information on the other branches.

The CHAIRMAN: We do not need notice, the department has been instructed to bring all the information on construction to this committee. As soon as we are ready for them the information will be here.

Now, let us get on with item No. 4, Montreal.

Mr. ADAMSON: Mr. Chairman, before you leave this, there is one general question that this brings up, and that is the question of what method is used to estimate the cost of reconvertng old structures. Obviously, anybody who knew anything about buildings would have known—

The CHAIRMAN: The question is: What method was used in estimating the cost of renovating the old building? Now, let the witness answer that.

The WITNESS: The method adopted is to have an engineering survey made to determine the quantity and the quality of the work which is required. An estimate is prepared based on unit cost figures, for example so many feet of flooring, so many feet of piping, so many feet of wiring.

Mr. ADAMSON: And is the age of the building also a factor that is considered?

The WITNESS: That would be considered; yes, sir.

Mr. ADAMSON: I am not allowed to say any more.

The CHAIRMAN: You are an engineer, go ahead. He is in your hands. But give him a chance, avoid observations.

Mr. ADAMSON: When you start to renovate a 70-year-old building is any outside opinion asked for?

The WITNESS: Not as a matter of rule.

Mr. ADAMSON: Who makes a decision to purchase?

Mr. DICKEY: There may be a misunderstanding here.

The WITNESS: I think we are dealing with the matter of determining the estimated cost of renovating an old structure.

By Mr. Adamson:

Q. Here is a 70-year-old building. There is a decision to renovate it and an estimate of the cost was made entirely by officers in the department. No local architects or local engineers are asked for an opinion as well?—A. Where it is a DND property and it is a matter for renovation then the normal procedure would be for the engineer officer responsible to make a survey of what is required and submit his estimate through the proper channels in order to obtain approval.

Q. Then, when that estimate is made does it go to a committee or chief engineer officer or to a command, or where does it go, and who makes the decision as to whether to renovate or build a new structure?—A. It would depend on the size of the project involved. If it was a matter which could be approved by a local officer he would be the one who would make the decision. The officer responsible for the final approval would have to decide as to whether an estimate was fair and reasonable.

Q. In this case who was that officer who made that decision? Who was the officer who said \$35,000 and then found it running to \$180,000?—A. I think that is not quite a fair comparison because the estimate of \$35,000 was not to

renovate the whole building. It was to provide interim accommodation for the personnel depot which was an immediate requirement and formed part of the larger project which is to renovate the whole building as reserve force accommodation.

Q. Who took the decision to renovate the whole building? I am trying to find out the machinery in this case. I am not trying to find out anything else. What is the procedure? Is there a committee or does the engineer do it himself?

The CHAIRMAN: Just give him one question at a time.

Mr. ARMSTRONG: The procedure in this connection—it may vary to some extent—but the normal practice is that the army works services prepare a detailed estimate of their requirements for the future fiscal year, the one that is coming up. This is done in the course of the summer and is submitted through to army headquarters in the fall. It is examined by the army works services themselves, the quartermaster general, and the chief of general staff. It is then incorporated in the estimates for the whole of the army. It is reviewed then by the deputy minister and the Minister and is then examined by the Treasury Board. The Treasury Board finally give their blessing to the projects included in the program. Now, that is the normal procedure.

Mr. ADAMSON: And nowhere in that procedure is there a place where an independent opinion is asked.

Mr. ARMSTRONG: I would not say that. An independent opinion might be asked if thought to be necessary and the army engineers do consult and ask opinion of engineers for example in the Department of Public Works, or possibly the Department of Transport or might have an outside consultant, but it depends on the job and whether they think it is necessary to have that kind of advice.

Mr. ADAMSON: Was that kind of advice asked for in this case. Do you know?

The WITNESS: I do not think in this case the way the project developed that at the stage when it was referred to the approving authority, which was up to the minister through the deputy minister that at that stage it would go outside for an opinion. I do not think it would have served any useful purpose—

Mr. HARKNESS: It was too late. The money had been spent.

The WITNESS: —because the work was under way and judging it, as opposed to a new construction, there seemed adequate financial justification for having done it that way on the straight economy of the thing. In addition there was the time factor. If it had been considered desirable to do it with a new structure, the time factor made it impossible to provide new accommodation by the date required.

Mr. ADAMSON: Were the engineers and the people doing the renovation surprised to find the plumbing and wiring—

The CHAIRMAN: You might ask one more question. How did they express that surprise.

Mr. ADAMSON: Did they find it a bad case?

The CHAIRMAN: Mr. Adamson, that is not a question.

The CHAIRMAN: I hope we have given the Wallis House the full treatment this morning and we will be able to get on to case number 4, Montreal at the next meeting. The meeting is adjourned until Tuesday.

The committee adjourned.



Canada, Defence Expenditure,
Special Committee on, 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

TUESDAY, FEBRUARY 24, 1953

WITNESSES:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance);

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements), Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
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CORRIGENDUM

No. 7 page 162, line 4 from the bottom thereof should read
A. Yes—C.M.H.C. had it during that period and *they*
did not spend any money

MINUTES OF PROCEEDINGS

TUESDAY, February 24, 1953.

(9)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, McIlraith, Pearkes, Power, Stick, Thomas and Wright.—(25)

In attendance: Messrs. E. B. Armstrong, W. R. Wright, Brigadier W. J. Lawson and Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements, Department of National Defence.

The Committee resumed consideration of APPENDIX B—page 734 of the Currie Report—Summary of accounting irregularities and relevant Exhibit No. 1 tabled February 17.

The Chairman read a letter from Her Worship Mayor of Ottawa addressed to himself, dated February 20, together with a memorandum of the Commissioner of Assessment.

Ordered,—That the above communications be printed as appendices (*see appendices nos. 11 and 12 to this day's evidence*)

Messrs. Armstrong and Davis were called and further examined.

Mr. Davis made a correction in the Evidence of Thursday, February 19 (*see corrigendum*).

The witnesses gave additional answers to questions asked at a previous meeting by Messrs. Adamson, Harkness and Fleming.

In answer to a question of Mr. Boisvert in relation to Exhibit No. 1, page 5, No. 12 Regina A.W.S., Mr. Armstrong tabled a document which was taken as read.

Ordered,—That the above table of certain detailed requisitions on D.D.P. be printed as an appendix (*see appendix No. 13 to this day's evidence*)

At 1.00 o'clock, the Committee adjourned until Thursday, February 26, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

FEBRUARY 24, 1953.

11. a.m.

The CHAIRMAN: Gentlemen, I have a letter from the mayor of Ottawa. Mr. FULTON: You are a privileged man.

The CHAIRMAN: I shall read it to you now and have it printed as an appendix to the minutes.

(See appendices Nos. 11 and 12)

Mr. McILRAITH: There was no implied reflection on the people of Ottawa. We were dealing with assessments on tax-free property, property free of taxation.

The CHAIRMAN: Mr. Davis has one correction in his evidence. It is a slight one at the bottom of page 162. I have a copy of last day's evidence now. The correction is a very slight one—you can follow it. Speaking of the Wallis building he said: "The WREN's had it first, then was it not used for emergency shelter?" That was the question by Mr. Adamson. The answer was "Yes. CMHC had it during that period and they spent a certain amount of money."

Mr. Davis now informs me they did not spend any money. Is that correct?

Mr. DAVIS: That is correct.

The CHAIRMAN: That is the only correction.

Mr. Armstrong has answers to questions put by Mr. Harkness and Mr. Fleming.

Mr. E. B. Armstrong, Assistant Deputy Minister of National Defence, called:

The WITNESS: Mr. Chairman, in answering Colonel Harkness' questions perhaps I should review very briefly the budget arrangements in respect of construction funds. The construction program for each year is first set out in the estimates for that year. Funds are allotted under three headings: maintenance of property, major construction projects and minor construction projects. Each project for which the estimated cost is \$10,000 or more is set out separately in the estimate detail for review by the deputy minister, the minister and eventually by the Treasury Board. Most of the work is done by contract. The Department of National Defence is responsible for the plans and specifications, and the Department of Defence Production is responsible for placing the contracts except those for married quarters and schools which are arranged by the Central Mortgage and Housing Corporation. No contract may be allotted unless there is a financial encumbrance setting aside funds in appropriation approved by parliament to cover its cost.

Payments by the treasury are limited to the amount of funds encumbered and must be in accordance with the contract. For maintenance work to be carried out by the army works services, funds are allotted to commands. Commands allot the funds to areas and the areas to the various works companies based on the approved program of work.

Commencing on April 1, 1952 all renovation and repair projects costing \$10,000 or more were removed from the maintenance allotments and included

under construction allotments. Funds allotted to commands from that date for general maintenance were limited to the amounts estimated as being needed to undertake the maintenance work within the authority of the command to undertake. That is, projects or items that would involve an expenditure of less than \$10,000. Funds for larger projects that require deputy minister or ministerial approval are allotted to the commands only after approval of the project has been given. This system limits the possibility of any projects, through oversight or otherwise, proceeding beyond the limits of financial authorization for it.

Colonel Harkness asked for the allotments to central command and eastern Ontario area during the period the Wallis house renovations were under way.

These figures are: In 1950-51 allotment to central command was \$6,667,770; allotment to eastern Ontario area was \$3,173,638. In 1951-52 the allotment to central command was \$8,729,257, and to eastern Ontario area \$4,504,535.

In 1952-53 the allotment to central command was \$3,164,397, and to eastern Ontario area \$1,871,643.

The substantially lower figures of 1952-53 are the result of the change in procedure that became effective April 1, 1952 and that I have just outlined to you. Mr. Fleming asked—

Mr. HARKNESS: Just a minute. Were these allotments all for maintenance—the figures given—or to complete the entire construction?

The WITNESS: These are the maintenance allotments.

Mr. HARKNESS: Purely maintenance?

The WITNESS: That is right.

Mr. Fleming asked in respect of item 2 exhibit 1 on what level the information went that expenditures were being made on this project far in excess of the authorization. I have reviewed the facts relating to this project and have concluded that the information that expenditures exceeded the amount of the A for P—that is approval for projects—was not specifically brought out until the auditor's examination.

I will review the events briefly for your information. The decision to use this building—that is the building known as Wallis house—as a personnel depot and to provide reserve forces accommodation was made at army headquarters early in August 1950 following a survey of the area to find accommodation for this purpose, and the commander of the works detachment on August 21, 1950, through the area commander, requested \$35,000 for the personnel depot portion of this work. This approval was given by the deputy minister on September 29, 1950. The layout for reserve forces accommodation was submitted by the command to army headquarters on November 7, 1950 and approved by the quartermaster general. The army works services headquarters allotted \$50,000 to the command for the project and requested submission of approval for project—that is the A for P—with complete estimates.

Provision was included in the 1951-52 estimates in the amount of \$75,000 for the project.

On April 10, 1951 the project was inspected by the area commander, the area medical officer, the director general of medical services, the commander number one army administration unit, the deputy assistant quartermaster general eastern Ontario area and the deputy assistant adjutant-general in eastern Ontario area. The plans for accommodation layout were confirmed and the area commander directed the officer in charge of the works detachment to get ahead with the work as quickly as possible.

On May 3, 1951 approval for project was submitted by the officer in charge of the works detachment in the amount of \$9,750 to cover re-wiring and this was approved by the command. The chief auditor's men in an examination of

the accounts of the detachment on November 24, 1951 found that expenditures exceeded the approval for projects by \$135,000. This information was contained in the audit report dated January 2, 1952. The expenditures on the project had been properly recorded by the finance clerk of the works detachment. The works engineer was, however, apparently under the impression that the sum of \$169,750 had been approved for the project. This sum was made up of the two approval for projects—the \$35,000 and the \$9,750—the \$50,000 in the 1950-51 estimates and the \$75,000 in the 1951-52 estimates.

The finance clerk did not bring to the attention of the officer in charge of the works detachment that that sum had been exceeded during this period. By the way, there had been four different finance clerks. On December, 1950 there was a sergeant accounting group 3 on that job, from January to April 1951, a sergeant accounting group 2, and from May to September, 1951, it was filled by a civilian clerk grade 1 and from September 1951 on by a civilian clerk grade 2.

The officer in charge of the Ottawa detachment brought to the area commander's attention the auditor's findings and he reviewed the situation with the command, on November 30, 1951. You will recall that I said the auditor found this on November 24.

As a result, a complete analysis of the expenditures was compiled together with an estimate of the remaining work to be completed and approval for project was submitted to the army headquarters from command on January 4, 1952. The quartermaster general then ordered a complete inspection of the job. This was followed by an inspection in which the superintendent of construction and engineering on the deputy minister's staff participated.

Now, as I observed last Thursday, these experts found that the work had been performed satisfactorily in accordance with the accepted standards, and the costs were fair and reasonable. On March 31, 1952, the minister approved the A for P in the amount of \$210,000.

The CHAIRMAN: Mr. Davis has further answers to Mr. Adamson's questions.

By Mr. Fleming:

Q. I just want to clarify one or two facts. This matter was initially approved on September 29—that is there was a deputy minister's approval of \$35,000?—A. That is right. The deputy minister approved the A for P—the original one—on September 29, 1950.

Q. For \$35,000?—A. Yes.

Q. The auditor discovered that the authorization had been exceeded by \$135,000 and he discovered that on November 24, 1951.—A. November 24, 1951.

Q. And the six senior officers to whom you referred looked the premises over. Do you know on what date? You mentioned half a dozen senior officers from the department.—A. April 10, 1951.

Q. How did the stage of progress of the work completed on April 10, 1951 compare with that on November 24, 1951?—A. Well, I could not tell you precisely. I would estimate there had not been a great deal of work done by April 10, but I have not got the precise figures as to how much was done.

Q. You could not give an idea as to how much of the \$170,000 had been expended?—A. On April 10?

Q. Yes.—A. No, but I think probably we could get these figures. I have not got them with me.

By Mr. Pearkes:

Q. Could I ask a question of Mr. Armstrong. Could you tell me how that \$210,000 was made up?—A. I am not sure how much detail you want General Pearkes.

Q. Does that represent the total cost of renovation?—A. No. The total cost was \$254,750. Now, that is the \$210,000 that I mentioned plus the original two A of P's of \$44,750 making up \$254,750.

Q. So that makes the cost of the total renovation?—A. That is the total.

Q. What are the main items in that \$210,000?—A. Some of the details are these: masonry and concrete, \$10,800; tinsmithing and roofing, \$3,466; plumbing and heating, \$24,200. I am giving these in round figures. Carpentry \$51,000; electrical, \$23,000; plastering, \$12,000; exterior painting, \$10,000 and interior painting, \$15,000; sanding floors and laying linoleum, \$7,000; installation of propane equipment, \$4,000; refrigeration equipment, \$2,000; alterations of sprinkler system and installation of fire alarm system, \$5,000; fire escapes, \$4,600; general clean-up during the job, \$5,000; \$20,000 to complete the project in 1952-53.

By Mr. Dickey:

Q. Might I ask the witness from what he has said is it correct that this person he referred to is the treasury clerk?—A. The finance clerk.

Q. Finance clerk?—A. He is an employee in the works company.

Q. And normally he would bring to the attention of the works officer when authorized expenditures were exceeded. Is that right?—A. That is right.

The CHAIRMAN: Mr. Davis, will you answer the other questions?

Mr. DAVIS: Mr. Chairman and members, the questions which Mr. Adamson raised last week and on which we had incomplete information have been checked and I can now give the answers. Question No. 1: Was there an engineer's report on the building at the time of purchase? The answer is "yes".

Question No. 2: If so how was it arrived at and who made it? The answer is—The real estate advisor reported on properties which he considered might be suitable for the purposes of the W.R.C.N.S. accommodation. Of this group, Wallis House was deemed the most suitable from the point of view of property and building and the one which appeared to be most advantageous from the point of view of cost. Before final arrangements were made for purchase the real estate advisor employed the Cloke Construction Company of Toronto to make an appraisal and report on the property. The Cloke Construction Company are specialists in this type of work and made an appraisal with an estimate covering the necessary repairs to make the building suitable for naval occupancy. In addition to this an appraisal and estimate of cost of repairs was made by the directorate of works and building in the navy.

Question No. 5: Was there any adverse opinion about the purchase? The answer is "no". Both the Cloke report and the naval report indicated that repairs would be required to put the building into suitable condition for naval use.

Question No. 6: Was there an inspection of the building before purchase and by whom? This has been answered under item No. 2.

Mr. ADAMSON: Did the Cloke Construction Company give you an estimate of the price?

Mr. DAVIS: Yes, they did.

Mr. ADAMSON: And what was that estimate?

Mr. DAVIS: \$203,000.

Mr. ADAMSON: That was to purchase?

Mr. DAVIS: Yes.

Mr. ADAMSON: But, did they give you an estimate of what the repairs would cost?

Mr. DAVIS: Yes.

Mr. ADAMSON: What was that estimate?

Mr. DAVIS: \$50,000.

Mr. WHITE: That was for occupancy by the WRENS?

Mr. DAVIS: That is right.

Mr. BENIDICKSON: When was that advice given?

Mr. CAVERS: It was given on what date?

Mr. DAVIS: The date that was submitted was in 1943.

Mr. BENIDICKSON: That satisfies me. I do not know whether anyone else wants the month.

Mr. DAVIS: The date of the letter was the 9th of December, 1942. I am sorry, it was not 1943.

Mr. FULTON: Who was the real estate advisor?

Mr. DAVIS: He was Mr. G. N. Bowes.

Mr. FULTON: Of Ottawa?

Mr. DAVIS: He was with the department during the war. At present he is in Winnipeg, I believe.

Mr. ADAMSON: The Cloke Construction Company did not work except make the survey?

Mr. DAVIS: That is right.

Mr. FLEMING: Did the Cloke Construction Company make two reports, one of valuation and one of estimate of repair?

Mr. DAVIS: No. We have only one report.

Mr. FLEMING: Did they embrace the two subjects in the one report?

Mr. DAVIS: That is correct.

Mr. FLEMING: And the \$50,000 that was estimated as the cost of repair, I take it was for the navy?

Mr. DAVIS: That is right.

Mr. FLEMING: And the navy did proceed in the light of that estimate and have the work carried out at a cost of about \$50,760?

Mr. DAVIS: I think the cost of the repairs carried out by the navy was \$42,245.08.

Mr. ADAMSON: And the sprinkler system?

Mr. DAVIS: That sprinkler system was at the request of the city fire marshal.

Mr. FLEMING: Did that enter into the estimate of the Cloke Construction Company?

Mr. DAVIS: It is not included as an item in the Cloke Company estimates.

Mr. FLEMING: Does this experience not constitute a very good illustration of the wisdom of the value of estimates by outside firms before undertaking renovations of old buildings?

Mr. BENIDICKSON: Do you say it does or does not?

The CHAIRMAN: That is an observation.

Mr. FLEMING: No, it is a question?

The CHAIRMAN: It is an observation that you made. You said "does it not" and that is an observation.

Mr. FLEMING: No. It is a question for the witness.

The CHAIRMAN: Then it is not one that he is competent to answer. In his position he undoubtedly is satisfied with the people in his department, otherwise he would get other people.

Gentlemen, are there any further questions on Wallis House?

Mr. FLEMING: Are you not allowing me to put the question?

The CHAIRMAN: I said it was an observation. Ask him a direct question instead of making an observation.

Mr. FLEMING: I asked a question and I said: Does this experience not constitute a very good illustration of the wisdom and necessity of getting estimates before undertaking to repair old buildings, independent estimates?

Mr. DAVIS: In this case there were two estimates made. One estimate was made by the departmental engineers, and another by the Cloke Construction Company and they were very similar estimates. I do not think that from this one could say that there was any great advantage in having an outside estimate. It was a further check when considering the acquisition of this property in assessing the overall cost to the department.

Mr. FLEMING: In any event, whatever opinion might be on that, the fact is when the more extensive work was undertaken in the beginning of 1950-51 the department did not get any independent estimate. Is that right?

Mr. DAVIS: That is right.

The CHAIRMAN: We have dealt with all the irregularities numbered 1.

By Mr. Harkness:

Q. There is one question I would like to ask about this particular matter. The total cost was \$254,000 for renovation. Have you any figures or can you tell us how much of this was for material and how much for labour?—A. I can give it to you approximately. The labour charges were roughly \$85,000.

Q. Which leaves the material—

The WITNESS: Materials were \$69,000, but there were various purchases made by contract. We have only the breakdown of labour and material and the rest is contract work.

By Mr. Harkness:

Q. You said last day that the only contract work additional was this \$10,000 for the electrical work?—A. Well, regardless of what was said last day, the contract work—minor contracts—were in excess of that single contract for electrical work.

Q. I asked specifically whether this work was done by contract or not and you said the only work done by contracts was the \$10,000 for electrical equipment.

Mr. DICKEY: I think we were discussing the time when the \$50,000 had been authorized.

The WITNESS: There was other work done by contract other than the electrical work.

Mr. HARKNESS: There was \$100,000 done by contract instead of \$10,000?

The WITNESS: The details I have relate to the additional approval that was given later, which only total \$200,000 odd. Now, the earlier approvals, that is the \$35,000 plus the \$9,000—there was \$9,000 done by contract and the \$35,000 was labour and materials. Now, I have not got the breakdown of labour and material on that.

The CHAIRMAN: That is not what he wants.

The WITNESS: I can give you roughly \$55,000 for contract work and the rest labour and materials.

By Mr. Harkness:

Well, according to the figures you have given us now there was \$85,000 of labour, \$69,000 of material, which leaves \$100,000 which was done by contract.

—A. No. As I explained to you, these figures relate to the later approval of the project.

Q. The total is \$154,000?—A. The earlier figures I have given you do not include the \$35,000 approved initially to complete the personnel depot requirements, and the \$9,700 that was authorized for the electrical work, so that you would have to add another, roughly, \$10,000 to the contract work, and \$35,000 for material and labour. That would bring you up to the total of \$254,000.

Q. Were these materials purchased by tender or otherwise? How were they purchased?—A. All the materials, of course, are purchased through the Department of Defence Production, and they purchase by tender.

Q. And that was done in this particular case; all the plumbing supplies, for example, were secured in that way?—A. I would assume so. That is their standard procedure.

Q. I was just wondering whether a lot of these things were just purchased by local purchase orders which come into this matter later on?—A. Not to my knowledge. There may have been an emergency which arose where some small purchase was required and a local purchase order would be used; but if any of them were used, it would be very minor in comparison to the total.

The CHAIRMAN: Is there anything further on irregularity, item No. 2? Please look at it. It is the item at the top of the page.

Mr. FLEMING: You are on page 1?

The CHAIRMAN: No, I am on page 3.

Mr. FLEMING: What!

The CHAIRMAN: I am suggesting that you are finished with No. 1.

Mr. FULTON: You mean irregularity No. 1?

The CHAIRMAN: Yes, irregularity No. 1, at the top of the page.

Mr. HARKNESS: It says: "Pages 1 and 2".

The CHAIRMAN: That is right. Are there any further questions on that item?

Mr. HARKNESS: Oh, yes.

The CHAIRMAN: Very well, then proceed.

Mr. HARKNESS: In connection with the third item on page 1, I see that the expenditure at Farnham aggregated \$49,300. My understanding was, from what we took up in this committee last year, that Farnham had been abandoned and that all the buildings were sold at a very low price and the camp was washed up. I think the words were that it was sold at a very cheap price. Therefore, what is the reason for this expenditure of \$49,300 again in 1952?

The WITNESS: In the evidence before this committee last year we said that there was an administration building, a drill hall and a power house at Farnham, and that the rest of the camp was declared surplus. Now, this particular project, item No. 3 in exhibit 1, refers to renovation of the drill hall to provide accommodation for the 184 Light A/A Battery of the reserve force.

By Mr. Jutras:

Q. Did the stores in question represent anything else but steel?—A. The steel portion was \$7,072.69; and the total cost of the project was \$49,300.

Q. I take it then that the stores in the amount of \$7,072.69 was steel.—A. That was steel.

The CHAIRMAN: Next item?

Mr. FLEMING: The last item on that page—

By Mr. Pearkes:

Q. This amount of \$49,300 represents the amount spent to provide a drill hall?—A. There was at Farnham a drill hall which was built during the war.

Q. In the camp?—A. At Farnham Camp, yes. This sum was to provide for the renovations that were necessary to make it suitable for the accommodation of the 184 Light A/A Battery of the reserve force.

Q. And that battery is still located there at Farnham?—A. That is right.

Mr. APPLEWHAITE: In other words, the whole camp has not disappeared?

The WITNESS: That is right.

The CHAIRMAN: When you ask questions will you please identify the item by referring to the number. I think someone has a question related to No. 11 Victoria.

Mr. FLEMING: At the bottom of page 1 I would like to have some clarification of the auditor's comment which reads as follows:

Several authorizations for projet, each under \$5,000 were approved by the Area Commander and then a total authorization of \$38,837.28 was raised, and submitted for approval of the Deputy Minister, which was received after commencement of work.

May we have the various authorizations and their amounts, please?

The WITNESS: I may say in this connection that this project refers to the re-roofing of 38 buildings in order to provide messes, quarters, stores, accommodation, and so on in connection with the raising of the special brigades.

By Mr. Herridge:

Q. Who was the area commander at that time?—A. I do not know off hand. One moment. I will have to get it for you.

Q. And another question: It says here:

The Deputy Minister's approval of the over-all project was received within three weeks.

They had commenced; but would they have any reason to expect that authority, or, what reason would they have to expect that approval within three weeks?

The WITNESS: As I say, in this case the area was undertaking renovation of these buildings in order to accommodate people being brought into the force in connection with raising brigades. This project involved the re-roofing of 38 buildings, and they started out to do this. There is some difficulty in saying what a project is, but they started out to do it by assuming that they could re-roof one building and that it was within their authority to proceed down the line until all 38 of them were re-roofed. But they realized afterwards, before they had completed the project, that they must submit it to army headquarters for approval.

Mr. PEARKES: Have you any idea how many men were recruited at Victoria at that time? My recollection is that there were very, very few.

The CHAIRMAN: They had the right to hope.

The WITNESS: I have not got those figures with me but I can get them for you. This, by the way, also was to provide accommodation for the active force, the Ack-Ack Battery, Esquimalt.

By Mr. Fleming:

Q. Is the information available for the question I asked?—A. What was your question, please?

Q. Reference was made in the auditor's observations, as follows:

"Several authorizations for project, each under \$5,000 were approved by the Area Commander..."

The CHAIRMAN: I think he has answered that, Mr. Fleming.

The WITNESS: It is not evident from details I have here of the chief auditor's observations what number of items had, in fact, been undertaken, at the time they made the audit. They merely observed that these had occurred and, as a matter of fact, when the auditors were there, the unit had already, at that time, submitted the application for approval of the project, but it had not, in fact, got back to them with the authorization from headquarters at that time.

Q. Is there any record to tell us how many authorizations there were? It is referred to as "several authorizations..."—A. The chief auditor says that as far as he can remember from his working papers there were three of them at \$5,000 each.

Q. Were they \$5,000 each?—A. They were \$5,000 each.

Q. But it says: "...each under \$5,000..." Have we got the total for the three?—A. The chief auditor says they were \$5,000 each; and that the total would therefore be \$15,000.

Q. Then the summary is not right. For how long a period did this work go on before submission was made to the deputy minister for approval in the sum of \$38,837?—A. The work apparently was approved by the deputy minister on the 3rd of July, 1951, and it had been submitted to headquarters on the 31st of May, 1951.

Mr. BENIDICKSON: What is the date of the auditor's visit?

The WITNESS: I will see if we can get that information. Just a moment.

Mr. FULTON: I wonder!

The CHAIRMAN: Just one minute, please.

By Mr. Fulton:

Q. I would like to point out in connection with the answer already given—and I hesitate to make the suggestion—but I wonder if the chief auditor is not confusing the subject on which Mr. Fleming is asking his questions, which relate to No. 11, Victoria, with the next item over the page, No. 11 Vancouver where it says:

Three authorizations for project, each of \$5,000 were approved by Area Commander.

The WITNESS: I think perhaps we had better have the chief auditor check his working papers on this and on the number of authorizations in order to be certain that we have an accurate answer. He is going by memory now, but we will check it and let you know.

By Mr. Fleming:

Q. May we have the information about the time and at the same time I would like to know when the work commenced, and for what length of time or period of time it was being carried on before an authorization in the sum of \$38,837 was given by the deputy minister?—A. He may have that information. Now, the chief auditor has found the specific information. The work was commenced on the nine authorizations starting May 1. These were all approved by the Area Commander. Each of these nine projects was in fact under \$5,000. The total authorization under those nine was \$38,000, as indicated in Exhibit 1. The final approval for the project as a whole was given on July 3, 1951.

Q. By the deputy minister?—A. By the deputy minister.

Q. In the total amount of \$38,837.28?—A. \$38,850.

Q. So that his approval extended to the nine which had been irregular because of splitting?—A. That is right. They had been undertaken as individual projects rather than being grouped together.

By Mr. Pearkes:

Q. Were they all in the same camp or were they at different camps? Were they all the same set of buildings?—A. They were all at Gordon Head camp, and there were 38 different buildings involved. It involved the shingling, the roofing of those 38 buildings.

Q. Then I wonder if it was a case of splitting?—A. There are circumstances where there is some margin of judgment required as to whether it is or is not, but this was regarded as a project as a whole that should be approved in toto rather than by the individual buildings in the way it started out.

Q. It seems very difficult for the area commander to know what is splitting and what is not splitting. In some cases you deal with a building and in other cases you deal with a camp. Is there any regulation laid down or any definition of splitting?—A. There is a regulation laid down. This comes under Mr. Davis. Perhaps he could explain it better than I can.

Mr. PEARKES: There is much mention about splitting coming in here.

The CHAIRMAN: We cannot hear you, General. We are at No. 11 Vancouver 1952. Any questions on that?

Mr. PEARKES: Can I get an answer to my question?

The CHAIRMAN: I thought that perhaps, General Pearkes, you would be able to give us your ideas of splitting, which would be as good as any we can get.

Mr. PEARKES: I am a little out of date.

The CHAIRMAN: Well, what was it in your day?

Mr. FLEMING: Will this be an observation, Mr. Chairman?

The CHAIRMAN: This is authoritative information.

Mr. DAVIS: We have defined what a project is and if members of the committee would like, I will read that:

A project is defined as a specific item of new construction or the maintenance, repair or alteration of buildings, properties, or works being a limited and specific volume of work described by an estimate of cost and when appropriate, by plans and specifications, except that expenditures for routine maintenance purposes such as snow removal, chimney and window cleaning, cutting grass . . . etc., . . . will not be projects within the meaning of this instruction, and may be undertaken under local administrative arrangements, at the discretion of the flag officer, general officer commanding, or officer commanding concerned, providing that the total expenditures for these purposes do not exceed the funds provided for routine maintenance in the approved annual estimates.

The CHAIRMAN: There certainly can be no question after that, if anybody understood what he meant!

Mr. PEARKES: There are so many instances of splitting, and splitting is referred to as an irregularity. It seems to me that people do not understand that regulation and, frankly, I am a little bewildered myself.

Mr. DAVIS: May I continue?

Responsibility of approving authorities. Officers who have been designated as approving authorities for construction and maintenance projects are personally responsible that any project approved by them is within the limits of their authority: is consistent with departmental and service policy; is not a part of a larger project that has been subdivided for the purpose of avoiding reference to higher authority.

The CHAIRMAN: I think it is in the third item that the question of splitting arises.

Mr. FLEMING: In regard to splitting in general, one reads this exhibit as indicating quite particularly in the light of what we were told on the second item, Mr. Chairman, that the particular irregularity was made an issue at first by the auditor after he made the report. Are there any cases where the department, prior to the report of the auditor, undertook any disciplinary action or, say, something milder by way of drawing to the attention of those offending the regulation the fact that they had done so and that it should not be repeated?—A. As a matter of fact, in the case we have been discussing, that is, at Victoria, it was the local people who took the action to correct it. As I pointed out, they had already submitted the A.F. & P. when the auditor was there and it had not got back at that stage with the authorization from headquarters, but they themselves took the action—it did not arise out of the chief auditor's report.

The CHAIRMAN: Why do you not ask the questions on each item, Mr. Fleming, rather than in the nature of a general question. It would be more appropriate, I think, my recollection is that the practice of splitting at the officer level is about as common in the army as being absent without leave at the private's level. I think we all did it in the army, it was a very common practice, without doing anything that in any way did any violence to the undertaking or to the works itself. It was very common.

Mr. FLEMING: Perhaps that is the psychology that Mr. Currie condemned in his report—where speed means everything and cost means nothing.

The CHAIRMAN: He gives us the reason for it.

We are on item No. 11 Vancouver 1952. Any questions on that?

The next item is No. 12 Regina 1952.

By Mr. Harkness:

Q. In connection with No. 12 Regina, whose signature was it that was typed on the form authorizing \$3,500 to be spent? I do not want the name.—A. The approval for project was typed for signature of the area engineer and the area commander. Now, actually in the blocks, in the form for their signature, the names were typed in but they had not in fact signed them.

Q. Well, then, on the basis of that name being typed in, this \$3,500 was actually expended, was it?—A. The \$3,500 was expended; that is right. The project proceeded on the basis of this unsigned authorization.

Q. Who would issue a cheque on the basis of this typed signature?—A. The cheque, as I endeavoured to explain last week, would not be issued in respect of this unsigned piece of paper. The payments are made either for labour that is used on the job or for materials that are purchased for the job. The materials are purchased under requisition on D.D.P. and appropriate purchases or contracts drawn up for them, and the treasury pays on the certification of a responsible officer that those goods have been received and the price is in accordance with the contract. This day labour work is not like a contract where there would be a contract price, for \$3,500.

In that case, of course, the payment would relate to the contract, but this work is carried out by the company.

Q. Then the error there was on the part of the works company commander who took those typed signatures instead of the signed signatures as his authorization?—A. It would have been rather difficult in this case to determine just who made the error. We have not been able to find out, although inquiries have been made, as to who was responsible for simply typing the names in and not having the document signed. The works foreman, in error, used this document to go ahead and do the work.

Q. It strikes me as a particularly glaring example of poor administration.—A. I would regard it as an omission that somehow slipped through. Those things do happen in a large volume of work, and this is one of them that went ahead that way.

Mr. FLEMING: There are others, are there?

The WITNESS: None that I know of.

The CHAIRMAN: If there are they will appear as we go along. I am now on page 3, No. 3 Petawawa 1951, dealing with irregularity No. 2.

Mr. ADAMSON: I would like to ask a question on these three items.

The CHAIRMAN: Which three?

Mr. ADAMSON: Petawawa, Kingston and Ottawa. They all refer to No. 3 works service company. How are these works service companies split up—I mean when there is a demand for works, does the officer commanding the works company send a sergeant and men out to do the work?

The WITNESS: No, these are accounting detachments of the one works company, that is, there is a detachment of the company at Petawawa, one at Kingston and one at Ottawa.

By Mr. Adamson:

Q. How many detachments all together are there of this No. 3 company?

—A. There are nine.

Q. And each detachment is responsible to the commander of No. 3 works company, or responsible to the authority authorizing the particular job?—

A. Each detachment is responsible to the commander of the whole company, located in Kingston.

Q. Where are these nine detachments of this one company located?—

A. Picton, Kingston, and at the staff college, that is also in Kingston, one at the Royal Military College, Barriefield, Ottawa, Petawawa, and there is a subdetachment at Brockville.

Q. Most of these detachments, then, will be under command of an N.C.O.?

—A. I beg your pardon?

Q. Most of these detachments will be under the command of an N.C.O.?

—A. I will get the exact number in just a moment. An N.C.O. is in charge of the one at Picton, Kingston, the staff college, R.M.C., one at Brockville and the one at Cobourg.

Q. Cobourg as well?—A. That is right.

By Mr. Wright:

Q. In the issuing of these local purchase orders, can the officer in charge, the N.C.O. or the lieutenant or whoever may be in charge, issue the local purchase orders, and does he have to submit them to the company commander?

—A. Under local purchase order authorizations—the detachment commander of the works company has authority to purchase up to \$250; the officer commanding the works company, up to \$1,000; and the general officers commanding and the area commanders, \$2,500. Now, these local purchase authorities are

only used under emergency conditions, and the normal method of purchasing locally is through requisition on the Department of Defence Production, that is, their local office. The detachment commanders have authority to requisition up to \$500 on D.D.P. and the command engineer and the officer in charge of the works company may requisition to \$2,500, and the G.O.C. and the area commander to \$10,000.

Mr. WRIGHT: It is indicated here a purchase order issued in excess of \$100. I understood you to say \$250 was the limit.

The WITNESS: I have given you the figures as they applied in 1951. This is 1950 and they may have been less at that time. They were somewhat less in 1950.

By Mr. Applewhaite:

Q. With reference to three items, Petawawa, Kingston and Ottawa the report on all cases is that confirmation of order practice has been discontinued. On what date was it discontinued and was it discontinued effectively at the same date in all three areas?—A. That is so. It was effectively discontinued at the same date. I shall have to get that date. The date was the 2nd of January, 1952.

By Mr. Wright:

Q. Can you give us the amount of the local purchase orders issued by this company in these detachments which you have listed during the years 1950 and 1951?—A. Which detachments are these?

Q. The Petawawa company. Three Petawawa 1951, and three Kingston 1951 and three Ottawa 1952.—A. You have in mind those I have given as detachments, nine of them.

Q. Yes, nine of them.—A. We shall have to get that information. You want that for two years, 1950 and 1951.

The CHAIRMAN: What exactly is your question, Mr. Wright?

Mr. WRIGHT: The question is the amount that was purchased through local purchase orders during the years 1950, 1951 and 1952 by this company. The witness said these were only used in extraordinary cases.

The CHAIRMAN: If there is nothing further—these are all small matters. Any questions?

Mr. APPLEWHAITE: Number eleven Victoria and number eleven Vancouver. On number eleven Victoria, I want to ask whether in the auditor's report there was any suggestion of criminal or wrongful neglect or motive behind this action in connection with these surveys?

The CHAIRMAN: Mr. Applewhaite, do not these observations speak for themselves?

Mr. APPLEWHAITE: Not to my satisfaction.

The CHAIRMAN: All right.

The WITNESS: No, I would say there was nothing in the audit report that would suggest a criminal motive or an effort to defraud or embezzle.

By Mr. Applewhaite:

Q. Were they referred to legal advice?—A. All of these have been referred to legal advice.

Q. Did any disciplinary action result?—A. I have not got details with me here and I could not tell you specifically in respect of any individual item whether that is so or not.

The CHAIRMAN: Go ahead, Mr. Applewhaite.

Mr. APPLEWHAITE: I would like to get that if I could.

The CHAIRMAN: What is it?

Mr. APPLEWHAITE: Whether any disciplinary action resulted from the situation shown at number eleven Victoria in 1951 and Vancouver in 1952.

Mr. BENIDICKSON: I think we ought to deal with that question of sanctions. It is referred to by Mr. Currie in his recommendations. He used the word and I assume he means disciplinary action. I think we should ask the witness in which of these cases some disciplinary action has been taken.

Mr. FLEMING: That is the question. I was asking earlier: what action followed the discovery of the irregularities.

By the Chairman:

Q. Mr. Armstrong, you told us that all these irregularities had been submitted for legal opinion.—A. That is right.

Q. Will you then bring to this committee the information that you have on the legal opinion that was given to you or to the department.—A. I certainly could bring that information. If I may suggest it, it perhaps would be preferable and more satisfactory to the committee to have the Judge Advocate General on this subject.

Q. Suppose you bring us the information in which you tell us whether there was in the opinion of the Judge Advocate General an offence or whether there was no offence. Then we can deal with the Judge Advocate General when he comes here to discuss the matter of the offences.

Mr. BENIDICKSON: I think it should go further: If in his opinion there was an offence, in which cases has any disciplinary action been taken or is under way or contemplated?

The CHAIRMAN: All right.

Mr. FLEMING: Mr. Chairman, is there not a more direct route to the information you want? We are not simply interested in any thought given to criminal prosecution. My question and Mr. Benidickson's question is broadly a question of what disciplinary action followed within the department. Is it not possible for a statement to be prepared without spending a lot of time on questioning, giving us with respect to these cases—these 156 odd—just a note on each as to what disciplinary action if any followed. Now, I am interested to hear the suggestion made that we can have access to the report of whatever counsel was consulted about the cases. I would have thought with all that has been said about privileged communication that would have been one.

The CHAIRMAN: If I said that then you know I did not mean it.

Mr. FLEMING: I am glad to observe some relaxation of the rule, Mr. Chairman, although I am surprised to find the first occasion is a report of counsel; but, from what I have heard, I think what we do need in the first instance is a statement in report form with respect to what—in each of these various cases—disciplinary action followed and that will embrace—

The CHAIRMAN: There are two aspects. Was there an offence, and if there was an offence what action was taken—what disciplinary action followed? After all, a great number of these are not matters that are considered an offence under any circumstances. Was there in their opinion an offence committed and if an offence was committed what action followed?

Mr. FLEMING: Mr. Chairman, I think you are narrowing it down unduly. We are not talking simply about criminal offence.

The CHAIRMAN: No, military offence.

Mr. FLEMING: Most of these cases we are talking about have been—

The CHAIRMAN: No disciplinary action followed.

Mr. FLEMING: What we want is a simple statement of what disciplinary action, if any, followed. A lot of these will prove to be cases of failure, or irregularities consisting of failure to carry out the requirements of the regulations. Unless you are going to specify you mean offence against the regulations, or failure to obey the regulations I think you are narrowing it unduly.

The CHAIRMAN: No.

Mr. FLEMING: If we have a statement to show what disciplinary action followed—

The CHAIRMAN: No, but that will not give you the picture, for instance, at 11 Victoria there were the local purchase orders issued in excess of \$100—the local limit. Now, there may be some explanation for that. Surely, that is not a matter for discipline, whereas the signing or typing in of a name in order to proceed on some work is a different matter entirely.

Mr. FLEMING: But you have your comment in the final columns of the exhibit now before us and we are able to draw conclusions from that. We should have parallel information beside us indicating what if any disciplinary action was taken. It is open then to anybody in the committee if he thinks action was taken where it should not be taken or action that was not taken where it should have been taken to ask questions.

The CHAIRMAN: In order that we may all draw the same conclusions to begin with, I suggest that a statement be prepared indicating whether in his opinion an offence was or was not committed. If an offence was committed what disciplinary action was taken. That will give us the whole picture.

Mr. BENEDICKSON: No, it will not. I want to know the whole picture with respect to disciplinary action.

The CHAIRMAN: I said where disciplinary action was taken or not, if in his opinion an offence was committed and if he says no, that is the end of that, but if he says in his opinion an offence was committed, then what action was taken. That gives you the whole picture.

Mr. FLEMING: Let us not have any misunderstanding about offence, Mr. Chairman.

The CHAIRMAN: I mean in the military sense.

Mr. BENEDICKSON: It is an offence justifying a charge.

Mr. FULTON: Is it not technically speaking an offence against good order and discipline? I do not see how you can draw a distinction. I think we should require in every case a note as to what action was taken.

The CHAIRMAN: You will have that. First, on the sheet, will appear what happened; second, whether in their opinion there was an offence; third, what action was taken.

Mr. FLEMING: Can you change that word "offence" to "a breach of the regulations?"

Mr. HUNTER: The only thing we are interested in is was there an offence which justifies a charge, and if there was, what was done. They are all offences under the Army Act and it is a question of whether it is an offence which justifies a charge.

Mr. FLEMING: With respect to Mr. Hunter's observation it seems to me we may well find that there are a number of things here that in the view of those whose knowledge they came to constitute offences in the sense they were not to make charges out of them but they may well have been breaches of regulations which should have led them to make observations drawing attention to what had happened and to the contents of the regulations pointing out

wherein the regulations had not been adhered to and called for a strict adherence to the regulations in the future.

Mr. JUTRAS: If you are going to ask that, I think it is better to leave it the way Mr. Croll had it in the first place: what action was taken such as bringing it to the attention and so on? It is not disciplinary action but it has a bearing on the picture. Just leave it, what action was taken.

The CHAIRMAN: No. 4 Montreal.

Mr. APPLEWHAITE: No. 11, Vancouver 1952. The auditor's observation reads: "Local purchase orders are generally satisfactorily controlled, but three were raised after the purchases." I would like the witness to define the word raised.

The WITNESS: I am sorry I was on the wrong page when you asked the question.

Mr. APPLEWHAITE: Page 2, irregularity No. 2. The expression is "Three were raised after the purchase." What do you mean by raising a local purchase?

The WITNESS: What is meant is simply providing the appropriate document form and signing it for the local purchasing authority. When we say "raised", it is simply performing the function of filling out document.

Mr. APPLEWHAITE: It does not mean the amount was increased after the order was issued?

The WITNESS: No.

Mr. HERRIDGE: On the same question Mr. Applewhaite asked. No. 3, topsoil raised the same day as delivery was made. Have you got the amount of topsoil in the cost? Can you give me that information?

The WITNESS: I haven't got it here.

The CHAIRMAN: Mr. Herridge, we will have it for you.

No. 12—Regina 1952. That does not seem to be very serious.

Mr. FULTON: Mr. Chairman, I am interested here in No. 3 Petawawa, 1951. I will read: "Requisitions split to keep within authorized limit: (a) Purchase of six pre-fabricated buildings for a total of \$6,000, on two requisitions. (b) Purchase of 1200 yds. linoleum for \$27,000 on six requisitions. (c) Purchase of 250 shower cabinets for \$10,325 on three requisitions."

Can the witness or anyone else here tell us—I am sorry, it also indicates that the report drawing attention to the irregularities was made in 1951. Can anyone here tell us on how many previous or subsequent occasions to the one referred to here reports of similar irregularities in Petawawa were made by the auditor if any?

The CHAIRMAN: Mr. Fulton, we are dealing with this particular irregularity. Now, all the irregularities are before you and you may find that you wish to know if you ask the question on some other item. We will have to limit ourselves and deal with each item as we reach it. It is not possible to do it in any other fashion.

Mr. FULTON: With respect, your restriction there is hardly apt, because I referred to Mr. Currie's Report out of which this inquiry arises, at page 712 and 713, where he states:

Lack of adequate action at this point had, however, caused a progressive deterioration in the situation. Aside from reports being delayed for considerable periods of time, the record shows the next audit revealing conditions similar to those previously reported and, in some cases, worse. The process is then again repeated.

Now, it seems that it is quite within our rights and quite proper to ask him in how many cases, if any, were similar situations brought to the attention

of the department by the chief auditor so that we can find out when action was taken to deal with it.

The WITNESS: I take it that your question applies to Petawawa?

Mr. FULTON: Yes.

The WITNESS: Well, there was only one audit report in Petawawa. That was the one dated July 19, 1951, and you have before you the excerpts from it.

Mr. FULTON: The answer to the question is that this was only reported on once, I take it?

The WITNESS: That is right.

Mr. FULTON: If the chairman had not interrupted we would have saved about five minutes.

The CHAIRMAN: The chairman was trying to be helpful.

By Mr. Wright:

Q. Could the witness tell us when this particular house was purchased and the purchase price and were tenders called for the repairs that were necessary and what the procedure was in that case?—A. The house in question was purchased on authority of the Governor in Council, P.C. 83-422, dated January 22, 1951, at a cost of \$14,000.

The CHAIRMAN: Does that answer your question?

By Mr. Wright:

Q. Were any tenders called for repairs on this house?—A. This again was undertaken by what we call day labour. The materials that were used to go into the house were purchased under the procedures I have described, that is by local requisition and the labour of course was hired and used on the job. There were roughly according to figures I have about \$13,400 in materials—no, I am sorry, \$3,800, about \$4,000 in labour. The balance was for materials.

Mr. BENIDICKSON: What did that balance amount to?

Mr. WRIGHT: It was between \$10,000 and \$15,000 here.

By Mr. Wright:

Q. How much was actually spent on the repairs?—A. Well, the figure I have is \$15,000. That was arrived at by going back over the various records of materials purchased and then estimating the amount of labour that was used to incorporate those materials in the house, so that it is an approximation. It is not precise, but the examination later led to the conclusion that the amount spent on the house was approximately \$15,000.

Q. Who authorized these expenditures?—A. Well, the expenditures were all authorized locally. They did not come to headquarters. They were authorized in the area itself.

Q. Was it the area commander who authorized these expenditures or some other official?—A. Well, I could not tell you if he authorized them all but the evidence indicates that the area commander authorized most of the expenditures that were concerned.

Q. Was this the area commander's own residence?—A. Yes.

Mr. BOISVERT: Who was the area commander at that time?

The CHAIRMAN: No, no! Let us deal with the subject matter we have before us. Let us deal with it on the basis that it appears before us.

By Mr. Fleming:

Q. May I ask when it was brought to the attention of the department that these expenditures had been made in excess of the proper authorization?—A. This was brought to attention in the audit report dated 14th February, 1952.

Q. Is this the same case as the Auditor General commented on in his annual report for the year ended March 31st, 1952?—A. The Auditor General did make a comment on this case.

Q. "... item 67, where the department authorized the purchase of a house for an area commandant for \$14,000 and authorized expenditures on it of \$800. Apparently these limits of authority do not mean very much in a department which is run so loosely, because we find that—

—'renovation costs approximated \$15,000, and these outlays were made without the consent of the deputy minister being obtained to spend in excess of \$800. The result is that the house now represents an outlay of around \$29,000, exclusive of materials drawn from army stores' ".—A. That is the same case.

Q. And that report you indicated was written February 14, 1952. Was the same area commandant living in the house at that time?—A. On February 14th, 1952. No, I think the appointment had changed at that time. It was not the same one, no.

Q. When did the change occur?—A. I will get that date. I have it here somewhere. I think that the area commander's appointment was changed on October 22, 1951.

Q. How far had this work gone prior to his giving up his command at this place on October 22, 1951?—A. Well, there was an examination following the audit report and it was found that the expenditure which had occurred had largely been made up to July, 1951, so that this expenditure did take place during the period of the officer's appointment, to October 22, 1951.

Q. So it occurred in its entirety prior to the departure on October 22, 1951; and can you tell us what disciplinary action followed in this case?

The CHAIRMAN: Is that not one of the matters we will have tabled. You can deal with it at that time?

Mr. FLEMING: I think, Mr. Chairman, that perhaps in a case like this the witness might have the answer ready, and if he has, he can let us know.

Mr. JUTRAS: What was the rent?

The CHAIRMAN: All of you are fishing on thin ice and no one quite goes to the brink.

Mr. JUTRAS: That was just an observation.

The CHAIRMAN: A very proper one. But let us deal with what happened.

Mr. JUTRAS: There was a degree of responsibility there and I think it has quite a bearing. However, does the witness have the date when the area commander was no longer in the service?

By Mr. Fulton:

Q. When did he leave the service?—A. The area commander?

Q. Yes.—A. The area commander who was in this appointment is on retirement leave, I believe, at the moment. I have the date.

Mr. JUTRAS: I was going to suggest that possibly General Pearkes could question us on that.

Mr. PEARKEs: I want to ask a few questions, if you do not mind.

Mr. STICK: I would like to make an observation. I think I am entitled to make an observation.

The CHAIRMAN: As soon as the witness answers this question, you are entitled to make an observation:

The WITNESS: August 31, 1952, approximately.

By Mr. Fulton:

Q. He went on retirement leave on August 31, 1952?—A. That is the approximate date, but I would not be sure that it is exactly precise.

Q. But he went on retirement leave about the end of August, 1952?

—A. About that time.

Mr. FLEMING: What had that to do with this particular irregularity, if anything?

The CHAIRMAN: Is there a question there?

Mr. DICKEY: Mr. Chairman, I am not sure that it is fair to ask this witness that question.

Mr. FLEMING: If he has the information he can give it, or we can give him an opportunity to get it.

The WITNESS: It is not customary to explain in detail the reason for retirement of these officers. I am personally a little embarrassed in endeavouring to answer that kind of question.

The CHAIRMAN: I think you are quite right.

By Mr Applewhaite:

Q. In this connection the witness gave us the date of the auditor's report as being the 14th of February, 1952. Will he also give us the date when that report was sent to Central Command, and the date on which it reached the deputy minister's office?

The CHAIRMAN: You can look up your summary.

Mr. APPLEWHAITE: I know, Mr. Chairman, but it is not on the record.

The WITNESS: The report was sent to army headquarters on February 19, 1952 and it was sent to command on the 10th of March, 1952; and replies from command were received on April 7, 1952; April 10, 1952; May 14, 1952 and these were sent to the deputy minister's office on May 20, 1952.

Mr. PEARKES: May I ask a question?

The CHAIRMAN: Mr. Stick has also asked.

By Mr. Herridge:

Q. Is any rent charged the area commander for using a house like this?

—A. Oh yes.

Q. And what is the rent?—A. All officers who occupy quarters—it is not rent; it is a deduction taken from their pay and allowances. In his case it would be I think in the order of about \$160 a month. I shall see if I can get you the exact figure.

The CHAIRMAN: And what is your second question?

Mr. HERRIDGE: What rate of rent was charged per month?

The CHAIRMAN: Now Mr. Stick?

Mr. STICK: My observation is this—

The CHAIRMAN: Will you please put it in the form of a question?

Mr. STICK: In the evidence in No. 1 of our minutes of proceedings and evidence, we were given the names of the officers concerned at Petawawa. Therefore why can we not be given the name of the gentleman now in question? For instance, I asked Brigadier Lawson when he was giving evidence, and he mentioned Major Pumple who was tried by general court martial and discharged. That name was allowed to stand in the evidence. But when we ask for the name of this officer we do not seem to be able to get it. I do not think it is fair. If we have the name of one officer, I think we should have the names of the others, and I think if we ask for the name of the officer, it should be given.

Mr. ADAMSON: I think there is a difference here, Mr. Chairman. Major Pumple's case, after all, was a criminal case, while this is not a criminal case.

Mr. STICK: How do you know?

Hon. Mr. POWER: There was a court martial, was there not?

Mr. STICK: In the remarks here it says:

As a result of a board of officers convened to investigate this matter, it was found that there had been a degree of irresponsibility in the use of public funds.

Are we going to leave it there? We cannot leave it there in fairness to the officer himself concerned. We should not leave it there.

Mr. FLEMING: I made it clear that at some time, even if it is not convenient now, that later I would like to know whether there is any connection between this irregularity which we have been discussing in relation to the commandant's home—the area commander's home—and the fact that on August 31, 1952, he went on retirement leave.

The CHAIRMAN: You will have to be more specific on that. You will have to be more specific in order to help the witness.

Mr. FLEMING: When I put the question the witness indicated some embarrassment. I am perfectly agreeable to leave the question today so that he can deal with it in the report we are asking for, as to the action which followed the discovery of these various irregularities. But I want to indicate now that I am not abandoning the question, and that I want to have the information at some stage or other, if this is not the convenient place for it to be given.

The CHAIRMAN: No witness that we may be able to produce, could give you that answer. It is quite possible that you cannot get it here and that you may have to get it on the floor of the House at the time of the estimates.

Mr. FLEMING: I think I can get it, and I ask that the report we have asked for will indicate what disciplinary or other action followed the disclosure of these irregularities. Then if we are told that no action followed, or that the officer in question was promoted, we can infer that whatever action was taken on August 31, 1952 had no relation to this particular matter. I may be able to get it in a negative way.

The CHAIRMAN: Let it stand for a moment. Have you some questions, Mr. Pearkes?

By Mr. Pearkes:

Q. Yes. Did the officer in question live in this house at any time?—A. That is the area commander?

Q. That area commander who is referred to as not being in the service any longer. Did he live in this house at any time?—A. Well, the house was allocated to him. Frankly I do not know whether he lived in it or not.

Q. I want to have an answer yes or no.—A. I do not know whether he lived in it, frankly; but I will find out.

Q. I think the suggestion was made, or that his residence was referred to, and I think it is only fair to be told whether he did or did not live in this house at any time.

The CHAIRMAN: Yes. Are there any further questions?

By Mr. Pearkes:

Q. I want to know about that, and I have two other questions. During construction, or during this work which was being done, was the work ever inspected by senior engineer officers in the way in which Wallis House was inspected with inspectors from the army, or engineer officers from army headquarters going out there to inspect it?—A. There were no inspections apparently made of that kind at all.

Q. No inspections were made during the whole of the time that this was under construction?—A. During that time up to July, 1951.

The CHAIRMAN: Are there any other questions?

By Mr. Pearkes:

Q. You say there were no inspections from the army or command engineer officers of this work?—A. Apparently none was made.

Q. Apparently none was made; and my point is: you refer to the board of officers which convened to investigate it. Did the area commander in question have an opportunity to appear before that board of officers?

Mr. FULTON: What was the date on which work commenced? Have you got that?

The WITNESS: Well, the work was done between January, 1951, when the building was purchased, and July, 1951.

By Mr. Dickey:

Q. Mr. Chairman, can the witness tell us whether or not there is any indication that any project for repair or renovation to this property in excess of the \$800 approved by the higher authority was ever made?—A. No, sir. There was no indication or no request for authority to expend any more funds than the \$800 which were originally authorized.

Q. Would it be normal procedure to send anybody from army headquarters to inspect a project valued at \$800?—A. It would not be normal procedure in a case of this kind, no.

By Mr. Pearkes:

Q. But it would be very common?—A. Well, this, sir, was on the basis of the purchase and the original estimate of what repairs were required, and the repairs were of a very minor nature, \$800, and I do not think anyone would expect one necessarily to go in and inspect it.

Q. Mr. Chairman, could we have produced to us the findings of this board?

The CHAIRMAN: The findings of the board with respect to what?

Mr. PEARKES: Reference is made to the fact that a board of officers was convened to investigate, and I think we should have the findings of that board produced to the committee.

Mr. BENIDICKSON: What was the decision that this committee made last year in connection with furnishing proceedings of courts of inquiry?

The CHAIRMAN: We gave pertinent parts.

Mr. FLEMING: We have a certain amount of evidence about this matter, and here we are confronted with a statement that a board of officers was convened to investigate. I think our information should be rounded out by knowing what the findings are.

What was the date of the meeting of the board, first of all, Mr. Chairman?

The CHAIRMAN: The witness will have to acquaint himself with the document. I do not think he has it here. He will have an answer for you. I do not know what answer is available, but whatever information can be produced will be produced if this is the proper place for it.

Mr. FLEMING: Could we have the date on which the board of officers was convened, Mr. Chairman?

Mr. ADAMSON: And could we have what steps, if any, were taken to prevent this sort of thing happening again?

The CHAIRMAN: I gather they took very effective steps.

Mr. FULTON: At some considerable time afterwards.

The CHAIRMAN: It would still have considerable effect.

The WITNESS: This group of officers met on the 18th March, 1952.

Mr. ADAMSON: Who was chairman?

The CHAIRMAN: We will have to obtain the information. The witness will get the details.

Any further questions?

Mr. BOISVERT: Mr. Armstrong, with respect to this item, have you got the breakdown of the expenditures?

The WITNESS: We have the approximate breakdown, yes. This is a list of D.D.P. requisitions.

The CHAIRMAN: Is it a long list, Mr. Armstrong? If it is, you could put it on record.

Mr. BOISVERT: I have no objection.

(See Appendix No. 13).

Mr. WRIGHT: It states in the notes here that there was a degree of irresponsibility—

The CHAIRMAN: I cannot hear you, Mr. Wright.

Mr. WRIGHT: Well, I am talking as loudly as I can. If some of the members sitting around you would stop talking for a while, perhaps you could hear me.

By Mr. Wright:

Q. I said that in the notes here it states that in this matter it was found that there had been a degree of irresponsibility in the use of public funds. Who would decide whether it was a degree of irresponsibility or whether it was an irregular action which constituted an offence in a case such as this?—A. This is a matter for decision by the military authorities.

Q. Who would be the military authority who might make the decision in this case?—A. The C.G.S. would make the decision as to the degree of irresponsibility in the use of public funds.

Q. Who?—A. The Chief of the General Staff.

Q. Can you find out for the committee the decision that was made in this case?

The CHAIRMAN: Mr. Wright, you are to have a list of alleged offences placed before you, and you can question the witness on it at that time. This is one of the matters that he will report on.

Mr. WRIGHT: Perhaps it should be brought in on this particular subject at Regina. I would like to know who made the decision and what action was taken.

The CHAIRMAN: He said the Chief of the General Staff.

Mr. WRIGHT: Is that in the form of a note or writing of any kind?

The WITNESS: I do not know whether it is in writing or not. I presume there may be some writing on the subject.

By Mr. Adamson:

Q. Who signed the cheques, the area commander?—A. All cheques, as I pointed out, are issued by the Comptroller of the Treasury.

Q. This item seems to be on a parallel with the Wallis House in Ottawa. The cheques were apparently issued and paid?—A. The cheques are not just issued, they are all backed by documentation. The purchase order and the contract are there and it is certified that the goods are received, and then the treasury makes the payment.

By Mr. Herridge:

Q. I just have one more question to ask the witness, Mr. Chairman, I think in fairness to other area commanders. Was the name of this area commander Brigadier Connelly?—A. The name of the area commander during this period?

Q. Yes.—A. During the period I mentioned up to October 22, 1951?

Q. Yes.—A. Yes, he was the area commander at that time. There is one correction I would like to make.

Mr. STICK: I thought it was out of order, Mr. Chairman.

The CHAIRMAN: Of course it was.

The WITNESS: I said the rental paid for the house in question would be about \$160. The deduction from pay and allowances of a brigadier occupying married quarters is \$143 a month.

The CHAIRMAN: The meeting is adjourned.

APPENDIX No. 11

OFFICE OF THE MAYOR

OTTAWA

FEBRUARY 20th, 1953.

The Chairman,
Parliamentary Committee
on Defence Expenditures,
Ottawa.

Dear Mr. Chairman:

After conference with the Deputy Mayor, Controller Dan McCann, who shares with me supervision of the finance branches of the municipality, I am writing to ask whether you would bring to the attention of your Committee the correction of certain statements attributed in the press to Committee discussion to the effect that assessments are not kept up to date on Ottawa property that is tax free.

This is not correct as attested in the attached memorandum from the Commissioner of Assessment, Mr. L. R. Wright.

I am certain that your Committee will be as anxious as the citizens of Ottawa will be grateful to have an implied reflection on this City corrected.

It would therefore be appreciated if you would have this correction read into the record.

Sincerely yours,
Signed (CHARLOTTE WHITTON)
Mayor.

APPENDIX No. 12

CORPORATION OF THE CITY OF OTTAWA
CANADA

Assessment Department

FEBRUARY 20th, 1953.

MEMORANDUM:
Controller McCann,
City Hall.

Re: Wallis House, Rideau Street

Exempt properties are assessed under the provisions of the Ontario Assessment Act, Revised Statutes of Ontario, 1950, Chapter 24, as amended, in the same manner as rateable property.

In the year 1949, the assessment upon the building was reduced from \$67,000 by \$17,000 to \$50,000, on account of poor condition.

Since that time, up to and including the assessment made in the year 1952, the assessed value of the buildings has been increased by the sum of \$72,100 to \$122,100.

The assessment upon the land and building is as follows:

YEAR	LAND	BLDG.	TOTAL REALTY
1948	\$27,750	\$67,000	\$94,750
1949	27,750	50,000	77,750
1950	27,750	50,000	77,750
1951	27,750	87,400	115,150
1952	27,750	122,100	149,850

(L. M. WRIGHT)
Commissioner.

APPENDIX No. 13

Requisitions re: No. 12 Regina—AWS, page 5—Exhibit No. 1

1950/51

Requisition on D.D.P. No.	Description	Approx. cost as per requisition	Actual cost as pencilled in later on requisition
248 d. Jan/51	Lavatory basin pop-up type	\$ 65.00	\$ 63.09
297 "	Bath tub and pedestal lavatory	230.00	192.83
292 "	Installing first class hot water system..	5,000.00	3,369.00

1951/52

102	Youngstown Electric Sink c/w food waste disposal (listed also as Combination Sink & Dishwasher c/w Waste Disposal detachment). Cast iron wash-basin vitreous china closet c/w tank.	800.00	709.96
64	Glass thermopane 48" x 60"		93.00
112	Installing 1 thermopane (kitchen)	100.00	125.00
113	Installing plumbing fixtures	500.00	644.00
120	Fluorescent lights	300.00	267.45
137	Laying of tile (kitchen, 2 bathrooms, vestibule)	1,100.00	983.00
188	Plastering	1,250.00	1,250.00
219	Sanding, polishing of floors	1,500.00	235.00
241	Installing oil burner	500.00	268.00
304	Plate glass mirror 75" x 16"	60.00	29.00
309	Water softener unit	509.00	509.00
192	Paints	200.00	158.70
258	Paints	112.00	111.00
L.O.P. 416167	Paints		21.60
L.O.P. 416165	Paints		10.80

The following two items, while requisitioned, have not yet been received:

Requisition No. 69 (1951/52)—Corner basin c/w taps, toilet c/w tank—color brown, \$375.00.

Requisition No. 186 (1951/52)—Plate glass mirror, \$200.00.

Canada Defence Expenditure
Special Committee on, 1952/53

Gov. Doc
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1952/53
no. 9

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament
1952-53

SPECIAL COMMITTEE

ON

Physical &
Applied Sci.
Serials

DEFENCE EXPENDITURE

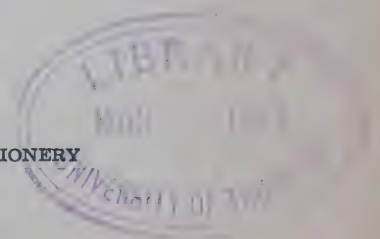
Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE [and
reports] No. 9

THURSDAY, FEBRUARY 26, 1953

WITNESS:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), Department
of National Defence.



MINUTES OF PROCEEDINGS

THURSDAY, February 26, 1953

(10)

The Special Committee on Defence Expenditure met this day at 11.00 a.m. o'clock a.m. Mr. David A Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Power, Stick, Thomas and Wright.—(26)

In attendance: Messrs. E. B. Armstrong, W. R. Wright, and Brigadier W. J. Lawson, Department of National Defence.

The Committee continued its examination of APPENDIX B—page 734 of the Currie Report—Summary of accounting irregularities and relevant Exhibit No. 1 tabled February 17.

The Chairman tabled, in answer to Mr. Wright, a summary of local purchase orders by AWS in eastern Ontario area.

Ordered,—That the above summary be printed as an appendix (*See Appendix No. 14 in this day's evidence*).

Mr. Armstrong was called and read answers to questions asked at the meeting of February 24 by Messrs. Wright, Fleming, Herridge and Pearkes.

The witness was further examined.

A discussion arose in connection with the production of certain reports relating to Exhibit No. 1 prior to March 31, 1950.

After discussion, the Chairman ruled that the said production was outside the scope of the Committee's reference.

Mr. Fulton having appealed, the question was put and the Chairman's ruling sustained on the following division:

Yeas: Messrs. Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Dickey, George, Henderson, Hunter, James, Jutras, Stick.—(12)

Nays: Messrs. Adamson, Fleming, Fulton, Harkness, Herridge, Macdonnell (*Greenwood*), Pearkes, Thomas, Wright.—(9)

At 1.00 o'clock the Committee adjourned until Tuesday March 3, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

FEBRUARY 26, 1953

The CHAIRMAN: Gentlemen, there were a few questions asked at the last meeting and we have some answers. Mr. Wright asked a question about local purchase orders placed by the army works services in the eastern Ontario area, and about the 9 detachments. Would it be satisfactory if I filed this?

Mr. E. B. Armstrong, Assistant Deputy Minister of National Defence (Finance) called:

Mr. WRIGHT: Can he give us the amount?

The WITNESS: This information is given by fiscal years for each detachment. (See appendix No. 14)

The CHAIRMAN: It is in the record now. You had a question, I think, Mr. Fleming, concerning Wallis House?

The WITNESS: Mr. Fleming asked how much had been spent on Wallis House renovations to April 10, 1951. The amount is \$43,000.

The CHAIRMAN: And there was a question asked about top soil.

By Mr. Fleming:

Q. That \$43,000 then is in excess of the amount authorized. Has that anything to do with the \$10,000 contract for the electrical work?—A. At that time, as you will recall, there had been authorized \$35,000 with approval of the project; \$50,000 had been allotted in the 1950-51 estimates. It was subsequent to April 10, 1951, I think the date was May 3, that the approval of the \$9,750 was given for the electrical contract.

Q. On that date, I take it, the expenditures had already exceeded the authorization?—A. \$35,000?

Q. Yes.—A. That is right, sir.

The CHAIRMAN: What other questions have you to answer?

The WITNESS: Mr. Herridge, I think it was, asked for the amount expended on top soil which was referred to in item 1 at the top of the page, page 2 of No. 2. Exhibit No. 1.

The CHAIRMAN: No. 11 Vancouver?

The WITNESS: No. 11 Vancouver. There were 400 yards of top soil purchased at a cost of \$1.25 a yard, for a total expenditure of \$500.

The CHAIRMAN: There was a question asked by General Pearkes. General Pearkes asked whether the Regina House had been occupied by the area commander who held appointment to October 22, 1951.

The WITNESS: It was never occupied by that officer.

The CHAIRMAN: Now, gentlemen, if you are finished, can we get on with irregularity No. 3?

By Mr. Pearkes:

Q. Before we go on with this, might I ask if you are going to produce the findings of that board of officers that we asked for?—A. The board of officers, that is referred to under that item was a board of two officers appointed by the

general officer commanding to gather together for him information relating to the auditor's observations raised in his report of February 2, 1952. The board made no formal findings or recommendations. The information that they gathered together was passed by the G.O.C. to army headquarters and it formed the basis of further inquiries at army headquarters. All of the information thus obtained was given to the Chief of the General Staff who then pursued the matter when the area officer commanding who held the appointment at the time the expenditures were incurred returned to Canada. The reference in the explanation under the report by the command or army headquarters that it was found that there had been a degree of irresponsibility in the use of public funds is not a finding of that board. It is a finding of the Chief of the General Staff after he had pursued the matter and discussed it with the area officer commanding concerned.

Q. Might I ask another question in connection with that: Did the G.O.C. at command make any observations on these reports? Are the words "degree of irresponsibility in the use of public funds" the words of the G.O.C., of the command, as well as of the Chief of the General Staff, as you have just said?—
A. The G.O.C. of the command in submitting that report did make some observations of his own. I am not sure whether the G.O.C. made those observations at the time or in his memorandum to the Chief of the General Staff.

Q. Would it be possible to obtain the full statement by the G.O.C., the observations by the G.O.C. in that particular case, as you have not any findings, any definite findings by the board of officers appointed; that board, you said was appointed by the G.O.C.; and the G.O.C. would have summarized the factual statement of those findings and would have made observations. It would in effect be the findings of that board. Could we have that?

The CHAIRMAN: Would that not be a report to a superior officer made in the department? If it is a matter of discipline, we will deal with it at a later date, but I do not think that is involved in this case. So whatever the report that was made by the G.O.C., it would be a report that was made to the Minister or to the deputy minister.

Mr. PEARKES: It is obvious that long reports have been made. But here we have a very brief summary of those reports. How do we know that they really reflect the true character, how do we know that they faithfully reflect the true character of the opinions expressed either by the G.O.C. or by the general commanding, or even by the Chief of the General Staff? That is my difficulty.

The CHAIRMAN: The responsibility for action in this case is not the responsibility of anyone but the minister. It is his responsibility and he is answerable. I should think that you would exhaust the possibility of information here, and that you could obtain such information as you can and then questions, and then you might very well question the minister on his estimates. It is not for the witness, and I do not think it is for the committee, to ask for the production of reports from the G.O.C. to the minister, on an officer, or on the conduct of an officer. We would be going too far afield. If you think an injustice has been done, then the minister is responsible and he must defend it.

Mr. PEARKES: Mr. Chairman, I am not trying to suggest that an injustice has been done or that adequate or adverse opinions have been covered. I am not trying to shield or pin anything on anybody. I am simply trying to find out. But it does seem to me that in this case language was used that would suggest there was some irresponsibility being placed on the area commander, or a degree of irresponsibility in the use of public funds. I cannot believe that that is all the comment that the command or the area commander would have made at that time. The G.O.C. would have made some comment at that time. He must have gone into the matter much more thoroughly than that and I feel

that if we are to investigate these defence expenditures, here is one case in which we should be given fuller information than we have got. Is there anybody here who can say that this statement before us, which is a very brief statement, these five lines, faithfully reflects the opinion that was expressed by that officer who first reviewed the court of inquiry?

Mr. APPLEWHAITE: It seems to me, Mr. Chairman—

The CHAIRMAN: Just a moment, if you please. Do you mind?

Mr. APPLEWHAITE: No, no.

The WITNESS: As I pointed out earlier, the board of officers assembled information. The board of officers that is referred to here assembled information for the general officer commanding. The general officer commanding reported that information together with his own comments to the Chief of the General Staff. But all this was only a part of the whole process of inquiry, and up to that point the officer, the area officer commanding who held the appointment when the expenditures were made was not available, and the Chief of the General Staff pursued the inquiry with him when he returned to Canada. So this is a statement, a factual statement of conclusions reached by the Chief of the General Staff.

Mr. JUTRAS: Might I say a word, Mr. Chairman: I think it is important at this stage to remember the nature of the document that we have before us. This document was prepared solely for the minister, who has given a factual appraisal of the facts before there was any question that it be produced in a committee or used in a committee for any other purpose.

Mr. FLEMING: Before the committee was set up, in fact.

Mr. JUTRAS: Yes, before the committee was set up, as a matter of fact. So, the purpose of this was to give factual data to the minister in order to appraise the situation as it was. Therefore I would think that this would be merely a statement of the facts as they appeared to the G.O.C. and the Chief of the General Staff.

Mr. LARSON: Mr. Chairman, is not appendix No. 13 the findings of those two officers?

The CHAIRMAN: Appendix No. 13?

Mr. LARSON: Yes, in No. 8 of our printed proceedings.

The CHAIRMAN: In the evidence distributed today; that is not a finding.

Mr. LARSON: But that is information that was gathered, is it not?

The CHAIRMAN: No. That was information that was asked for with respect to the expenditure of money on the house. But we are now talking about authority for the expenditure of money, and the measures that were taken as a result of the expenditure.

Mr. LARSON: We are discussing what the two officers found. I assumed this was what they found here.

The WITNESS: This is not the findings of this board of officers. This statement was tabled at the last meeting in answer to a question as to the type of item on which the money had been spent. Actually, this was prepared by the chief auditor.

The CHAIRMAN: Mr. Macdonnell.

Mr. MACDONNELL: Mr. Chairman, as I understand it, General Pearkes pointed out that this memorandum on the right hand column at the bottom of page 5 looks like, and I understand it to be, a summary of a longer statement, and General Pearkes is asking whether we could have that longer or original statement so that we ourselves could make up our minds whether or not this was or was not a fair comment.

Mr. APPLEWHAITE: If that is what Mr. Pearkes meant, I do not have any objection to it. But I would suggest that there was an investigation of certain irregularities going on and various reports would have been made. Some of them may have been contradictory and some of them may have been incomplete. But I would suggest that what this committee is entitled to have is the final findings of fact from whatever body that finally adjudicated upon these various reports. It may be the Chief of the General Staff, or it may be the minister. I do not know. But if, as has been suggested, the summary we have here is either incomplete or perhaps not a correct statement of the findings of fact and of the action taken, I think we are entitled to find out what the correct one was. I am suggesting that and I also suggest that if various reports have been given by various officers, that those reports upon which a final finding was made are not reports that this committee should have, but the final findings upon all reports made by whatever body or individual by whom that final finding was made.

The CHAIRMAN: I think I would clarify that. Perhaps Mr. Applewhaite did not hear what the witness said. He said there was no formal finding or recommendation. It was not an inquiry in that sense. It was a matter of assessing and collecting information for the proper officer by two officers who were appointed to do that task. They made no findings and they made no recommendations.

Mr. APPLEWHAITE: Somebody came to a conclusion.

The CHAIRMAN: It appears as if the Chief of the General Staff came to a conclusion.

Mr. APPLEWHAITE: If this is not the full report of the conclusion he came to, perhaps we are entitled to know what it was.

The CHAIRMAN: The witness says that is a fair summation of what the conclusion contained.

Mr. FLEMING: Mr. Chairman, I do not need to point out to you the difficulty of summarizing in a matter of this kind. An attempt is made to condense a report and a comment as to responsibility in a sentence in a matter of this kind. We have a sentence here, and as Mr. Jutras has pointed out, that document was not prepared for the committee's use. That document ante-dated the setting up of this committee. We are all trying to be fair here, I take it, and I think that we have had enough before us now to indicate that we should have more of the information before us and not be content with simply a highly condensed summary in a matter of this kind, but that we should have the documents placed before us in order to formulate our own judgment.

Mr. GEORGE: Mr. Chairman, it seems to me that only by inference is the area commander being blamed for this discrepancy. It says that the area commander concerned is no longer in the service. That does not necessarily mean that the area commander was responsible for the degree of irresponsibility, although, being the senior officer, he probably was.

Mr. FLEMING: Mr. Chairman, if Mr. George reads this sentence as most people would read it, I would suggest it looks as if the connection appears to be inescapable. That is the whole point.

Mr. GEORGE: Mr. Chairman, I merely intended to ask a question, not to make a statement. By inference here, as Mr. Fleming says, anyone reading this would assume that the degree of irresponsibility was on the part of the area commander.

The CHAIRMAN: Yes.

Mr. GEORGE: But there is nothing here from which such a meaning could be taken out of it. Is that the case or is it not?

The CHAIRMAN: It is not for the witness to say. There is a summary. You have to read what is there. You could very well come to that conclusion; but others have come to a different conclusion from reading it. That is our difficulty here today.

Mr. FULTON: Mr. Chairman, I wanted to ask Mr. Armstrong whether it is felt in the department that the expenditure of money here, although admittedly spent in a manner which was irregular, has produced a desirable result or not? In other words, is it felt in the department now that this House represents value for the money spent?

The CHAIRMAN: I think that value for the money spent is a fair question, because there were those who asked the same question with respect to Wallis House, whether or not there was fair value received for the money which was spent.

Mr. BOISVERT: But, Mr. Chairman, he is asking a question with respect to the opinion of the witness.

The CHAIRMAN: No, no. Value for the money spent. I think it is a proper question.

The WITNESS: Value for the money spent in this case must be related to the purpose for which the money has been expended. That was for provision of accommodation of married quarters for the area officer commanding. The money that was spent here, not entirely, but the money that was spent here was for articles and equipment that would not be acceptable normally as a matter of policy for quarters of this kind. In that respect, or from that point of view, I think my answer to your question has to be no.

The CHAIRMAN: Mr. Dickey.

Mr. DICKEY: Mr. Chairman, I think my point has been met. I really felt that in the previous line of questioning and in General Pearkes request we were getting away from the work of this committee, which is a committee on expenditure. This irregularity has been observed upon by the auditor, and there obviously had been a pretty full and careful investigation of the irregularity by the department. We have before us full details of all the items that the expenditure involved, and there is an indication that the department acted upon proper investigation. Now, I suggest with all deference to General Pearkes that unless he is able to relate his request to some information relating to expenditures and the propriety of the expenditures, that it is not a matter with which this committee should deal.

The CHAIRMAN: Mr. Wright.

Mr. WRIGHT: I want to ask a question with regard to appendix 13, page 210. It states:

The following two items, while requisitioned, have not yet been received:

Requisition No. 69, (1951/52)—Corner basin c/w taps, toilet c/w tank—colour brown, \$375.00.

Requisition No. 186 (1951/52)—Plate glass mirror, \$200.00.

Is this regular equipment for an area commander's house, and has it been delivered yet?

The CHAIRMAN: Which line are you on, Mr. Wright?

Mr. GEORGE: It is the last line in appendix 13.

Mr. DICKEY: It is requisition No. 186.

By Mr. Wright:

Q. Is this regular equipment?—A. Oh, no. That is not standard equipment for quarters of this kind.

Mr. HERRIDGE: May I ask if Brigadier Connelly went to Tokyo before or after these irregularities were discovered?

The WITNESS: He went before these irregularities were discovered.

Mr. WRIGHT: Has Brigadier Connelly retired on full pension?

The WITNESS: Brigadier Connelly is on retirement leave.

The CHAIRMAN: Gentlemen, I do not think that these questions come within our scope. We are dealing with defence expenditures and that is not normally a defence expenditure. Gentlemen, you have had a great deal of information on this, and I think you have about as much out of it as you can possibly hope to get from this witness. The minister must answer for the action and he undoubtedly will, when the matter is raised. I think you have ample information now. So let us get on, please. We are now at page 6. Is there anything on page 6, Irregularity No. 4. It is a type of irregularity dealing with accumulation of material.

Mr. THOMAS: In No. 2, Toronto, and No. 4, Montreal, have they any idea of the amounts lost due to over-issue and stores not returned?

The CHAIRMAN: There is no suggestion that there is anything lost, is there?

By Mr. Thomas:

Q. In No. 4 Montreal it says:

Stores not returned and brought on charge.

I wonder if there was any estimate of the loss?—A. There is no suggestion here that there were any losses. This merely states that these stores were left over from doing particular work and were not brought back on charge. They were not lost.

Q. In No. 4 Montreal it says:

Stores not returned and brought on charge.

This is a bookkeeping error then?—A. Yes, a bookkeeping error.

The CHAIRMAN: Pages 6 and 7 are all of the same type.

Mr. APPLEWHAITE: No. 11, Victoria.

The CHAIRMAN: That is at the bottom of page 7.

Mr. APPLEWHAITE: Was there any loss there?

The WITNESS: My answer would have to be the same as I gave to Mr. Thomas. This does not suggest a loss. It is merely that bookkeeping entries were not made.

Mr. HERRIDGE: I would like to ask a few questions on No. 11 Victoria. What is that lack of transportation that is the main factor? Does that mean army transport?

The WITNESS: What it means is that in order to take these materials back to the stores, where there are materials left on a job, army transport was needed and there was some scarcity of it to get the materials back quickly. Consequently there was some delay in getting the material back into the stores and brought on charge.

Mr. DICKEY: No. 6—Halifax, on page 7 “stencilled notations on record cards show returned to stock but proper vouchers not completed.” That was surely a defect in procedure and resulting from insufficient staff?

The WITNESS: That is so. It was a matter of putting the entries in in pencil and they should have been properly recorded in ink on the card.

By Mr. Fulton:

Q. No. 6—Halifax. I notice that in the report by command or army headquarters it states: “Stock-taking has not been accurate or adequate since the

war, and was not possible without projected increase in staff." Now, there are a number of references to Halifax throughout this exhibit No. 1 and in all cases but one the comment in the third column relates the irregularity to a shortage of staff at No. 6 Halifax company and refers to such things as limited staff, "... not possible without increase in staff." Improvements must be made with new establishment and so on. So in every case but one of the quite numerous irregularities noted for Halifax the report or explanation given by command or army headquarters was due to shortage of staff, but I notice in Appendix B of the Currie Report page 734: "... shortage of staff claimed by unit" is not in the notations for Halifax. I take it that Mr. Currie's investigation of the auditor's reports did not convince him—and the chief auditor's summary is the same, for we are told Appendix B of the Currie Report was prepared by the chief auditor—did not convince him that these irregularities were due to a shortage of staff. I wonder if Mr. Armstrong can explain why, in each case relating to Halifax in exhibit 1 except one case the notation is that it had been due to shortage of staff?—A. I should perhaps explain that Appendix B in Mr. Currie's Report is a reproduction of the chief auditor's summary and not a result of an independent investigation on his part. The fact that in column 19 shortage of staff claimed by the unit is not shown under Halifax I do not think has any real significance. The auditors have included in their reports those instances where in talking to the people concerned, they have said there is a shortage of staff. In this case I assume when the auditors were there no one made a point of it, but on their return in answering the observations they pointed out as part of the explanation that there was a shortage of staff.

Q. You said that you did not think there was any particular significance to be attached to the fact that that shortage of staff claimed by the unit was not noted in Appendix B, but in respect to Halifax there are 7 irregularities reported shown by the chief auditor in connection with that company and I was wondering if there could be any further explanation as to why, if the explanation now given by the department is that for each one of these irregularities except one the irregularity was due to shortage of staff, why that was not felt sufficiently significant by the chief auditor to be commented on in his summary?—A. Well, in the first place I would say that without question there was a shortage of staff throughout all of these works companies during this period. Where the chief auditor included it in his report would be where the unit mentioned it to the auditors when they were there. Apparently in the case of Halifax it was not mentioned to the auditor or if it was his auditors did not forward it on in their report.

Q. Were there any previous reports on No. 6 company Halifax that you know of, Mr. Armstrong, drawing attention to unsatisfactory conditions in that unit?—A. There is only the one listed here, 1951.

Q. But I was asking you whether there were any other reports of Halifax that came to the attention of the department?—A. There may be other reports some years ago. I would suspect that there have been before this new system was introduced. These are all the reports listed here since the introduction of the new system as I explained at the first meeting covering the auditors' complete survey of the system itself.

Q. Then, you say that there might well have been earlier reports drawing attention to unsatisfactory conditions there. Are you able to say whether any action was taken as a result of those reports to correct that condition?—A. Well, the establishment of this new system in 1949 was a step to assist in improving conditions throughout the army works services. This was one of the reasons for introducing it.

Q. Were there any steps taken, by way of particular attention given to improving conditions in that company on which you say there may have been earlier reports—and my information is there were at least one if not more reports drawing attention to very unsatisfactory conditions prevailing there?—A. In Halifax?

Q. Yes.—A. Well, I am not personally familiar with these reports prior to this period and I cannot answer your question this morning. I can have it checked. You are going back prior to 1949.

Q. I was thinking prior to 1951.—A. Not prior to 1951. This is the only auditor's report on Halifax since the system was introduced in 1949, the only one. Now, any other reports must have been before that time.

Q. I am not referring only to auditor's reports. Here we have a company which in the auditor's report of 1951 there are noted 7 irregularities and only one of them explained in the auditor's report as being due to shortage of staff. What I want to get at is what action if any was taken as a result of those earlier reports of unsatisfactory conditions at Halifax and how was action taken as to cure those unsatisfactory conditions.

The CHAIRMAN: Mr. Fulton, when you say earlier reports, drawing attention to unsatisfactory conditions at Halifax, we have no such earlier reports and we are limited to March 31st, 1950, and from that date the information is before the committee; but we are not entitled, nor are we authorized to go into those earlier reports in 1949 or previous.

Mr. FULTON: I think that I can demonstrate that that is an unwarranted restriction. We are authorized to inquire into the expenditures since March 31st, 1950, but it is open for us surely to discuss the background of those expenditures and if examples of waste or unauthorized expenditures subsequent to March 31st, 1950, are brought to light by the auditor's report on Halifax, surely we are entitled to ask were there any other reports brought to the attention of the department showing the existence of an unsatisfactory situation which notwithstanding that having been brought to their attention was allowed to continue and resulted in irregularities and waste of funds in the period in which we are now inquiring, and Mr. Armstrong stated there may well have been such earlier reports, and my information is there were earlier reports disclosing a condition which surely should have been acted upon which continued to effect expenditures made as late as March 31, 1950.

The CHAIRMAN: Mr. Fulton, at the moment Mr. Armstrong is giving the evidence. You may have some information and I suggest you use it as you see fit, but it is not fair that you should give the committee this information by way of evidence as a statement because you heard something.

Mr. FULTON: I am sorry you misunderstood. I asked Mr. Armstrong if there were earlier reports and he said there may well have been and I said my information is there was one if not more, and I will put that again in the form of a question to Mr. Armstrong. Was there one if not more earlier reports on Halifax which brought to the attention of the department the existence of the unsatisfactory conditions?

The WITNESS: As I say, there was only one audit report. I do not know of any other reports. There may have been requests for increase in establishment. I think that would be expected. I am not sure what sort of a report you have in mind.

The CHAIRMAN: We are talking about shortage of staff at the moment.

Mr. FULTON: Oh, no.

The WITNESS: I have a note here as to the establishment and on the 20th of July, 1951, the establishment was increased by four clerks and storemen and four labourers. That no doubt resulted from an investigation of the establishments. There was probably a report on it of some sort.

Mr. FULTON: Would you make inquiries to see if there were earlier reports drawing to the attention of the department unsatisfactory conditions at Halifax?

The CHAIRMAN: You will have to identify it. "Earlier reports". What do you mean by reports? Are you talking about auditors' reports?

Mr. FULTON: Any reports, inspection reports, reports made as a result of the requests by the department to various other governmental agencies for investigation and report on Halifax. Any similar reports.

The CHAIRMAN: Will you start all over again so Mr. Armstrong and I can fully understand what you are getting at.

Mr. FULTON: I think what I am getting at is simple enough. I am asking if there were any reports prior to this report of the chief auditor which came to the attention of the department reporting on unsatisfactory conditions at No. 6 works company, Halifax.

The CHAIRMAN: Are you prepared to limit that within any period of time?

Mr. FULTON: Since the end of the war.

Mr. BOISVERT: The first war or the second war?

The CHAIRMAN: Since 1945.

Mr. APPLEWHAITE: I suggest if those reports refer to defence expenditures incurred before March 31, 1950, they are not within the purview of this committee and if you go back before March 31, 1950, there is nothing to stop you going back to 1898.

Mr. FLEMING: I think Mr. Fulton is perfectly right in what he contended. I refer in effect to the order of reference to the committee.

That a select committee be appointed to continue the examinations of all expenditure of public moneys for National Defence and all commitments for expenditure for National Defence since March 31, 1950.

But there is not a word to suggest if any information as to those conditions existing prior to that time should have a bearing on conditions subsequent to March 31, 1950, that the committee should not have regard to it; and I think the committee would be stultifying themselves if we said, while we are confined to expenditures after March 31, 1950 we must close our eyes to anything which antedates March 31, 1950. And by way of evidence there is much which will be bound to be directly relevant to inquiries made after that date which occurred before 1950. I cannot see how the committee can shut its eyes. The question Mr. Fulton is asking relates to conditions before that date which have a bearing on conditions after that date, which purport to take the conditions back before the war. Stocktaking has not been adequate since the war.

Mr. FULTON: We have had considerable discussion about a system inaugurated in 1949 and Mr. Applewhaite did not raise any objection to that when it was brought up by witnesses earlier before this committee and the present witness.

Mr. APPLEWHAITE: No other member in this committee has discussed the operation of that system prior to March 31, 1950.

The CHAIRMAN: I think the 1949 reference was incidental to some background material Mr. Armstrong gave us.

Mr. FULTON: Mr. Currie gave some discussion on the system which Mr. Armstrong says was instituted in 1949 and it is ridiculous to say we cannot ask questions on the conditions referred to in the auditors' reports just because those conditions may have antedated March 31, 1950.

Mr. FLEMING: We have already had considerable evidence as to conditions antedating March 31, 1950. We had it on a number of items both orally and in written form.

The CHAIRMAN: Name one.

Mr. FLEMING: On Wallis House.

The CHAIRMAN: The expenditure was made within the—

Mr. FULTON: Mr. Davis gave evidence going back to 1943.

The CHAIRMAN: Let me finish. Wallis House was properly before the committee and Mr. Davis made a statement giving us background material in order that we might understand what happened. It was necessary to have that, otherwise the report before us was almost meaningless. The report here at this time is in no way meaningless. It speaks of 6 Halifax, it speaks of shortage of staff.

Mr. FULTON: And also says that stocktaking has not been accurate since the war.

I asked if there were any reports which came to the attention of the department since the war which directed their attention to circumstances of Halifax similar to those reported to by the chief auditor in the report of 1951.

Mr. DICKEY: May I point out that the witness said that it had been realized in the works service companies and as a result of that realization it was brought in in 1949. That is not in answer to the question but apparently Mr. Fulton has some better information and if he wants to bring that before the committee why does he not do so?

By Mr. Wright:

Q. Are these auditors' reports made yearly and at what time are they put in the hands of the deputy minister?—A. The audit program is planned to cover examination if possible of each of the major units once a year. Now, this is not done at the same time every year. In conducting an audit program it is generally undesirable that the unit being audited knows precisely when the auditors will arrive. Consequently there may be a year and a half between audits in major units in some cases. In other cases the auditor may make two audits within a period of perhaps eight or nine months, but the plan is to carry out an audit of the major units once a year. As I pointed out earlier, in the audit of the works services a new system was introduced and for some nine months the auditors did not audit any of these units in order to give them an opportunity to get the system installed and under way and consequently the future audits over the next year or so were designed to make a general assessment of this system checking each unit as they went along.

Q. When the chief auditor makes an audit of any one particular company his findings are submitted immediately?—A. Yes, sir. As soon as his report is prepared it is submitted to the deputy minister, or rather to myself on his behalf.

Q. How many times have each of these major companies been audited during the period covered by this committee, March 31, 1950?—A. Are you referring to the works services company?

Q. Yes.—A. They are all listed here in Appendix B.

Q. This is a complete list of all the audits which were done during that period of works services companies?—A. Up until February 4, 1952. I think that was the last date.

Mr. HUNTER: Mr. Chairman, in the terms of reference we are asked to examine expenditures since March 31, 1950, that is the first, and secondly to examine expenditures and commitments of the army works services dealt with in the Currie Report. On examination of those two things we are to present from time to time our observations and opinions and particularly what if any economies consistent with the execution of the policy decided by the government may be effected therein. I would suggest to you that if this information which the member from Kamloops has asked for enables us and helps us to report from time to time on that, and recommend what economies are consistent, then it should be produced. If on the other hand it is not necessary or relevant to that type of work which we are authorized to do and asked to do, then it would not be proper, and I would suggest that

the first thing Mr. Fulton should do is to show how it is relevant to our task. If it is relevant it should be produced; if not, then it should not be produced.

The CHAIRMAN: Mr. Fulton's point is very clear I think. He refers to the Currie Report and the Currie Report said that reports had been made from time to time and were not acted on, and now he suggests that there were other reports previous to this report which were not acted on.

Mr. HUNTER: Right.

The CHAIRMAN: How do you bring that within the scope of our committee?

Mr. HUNTER: I am not suggesting it is relevant.

The CHAIRMAN: Then, how do you argue that it is not relevant?

Mr. HUNTER: I suggest, sir, if it is relevant then it must help us to report from time to time our observations and opinions thereon and these observations and opinions must be to some purpose. We are not just reporting at random. What we are trying to report on is how we can effect economies and if this report which Mr. Fulton asks for can help us to report on economies, then I suggest it is relevant. I would also suggest from what I can gather from him, even though there was such a report. I do not see how it helps us to report on a method by which an economy may be effected.

The CHAIRMAN: I see your point very clearly now. Mr. Jutras—

Mr. FULTON: Are you going to hear the arguments against before you hear the arguments for?

Mr. JUTRAS: I just want to make one observation. The point it seems to me now is how far back Mr. Fulton should go in the report. He has I think asked specifically for inspection reports.

Mr. FULTON: Any reports.

Mr. JUTRAS: Inspection reports. If you go back prior to 1949 your reports will be on the old system and I wonder what meaning it could have since the system was discarded and replaced by a new one and we have been told that for a period of nine month after the new system came in being in 1949 there was no inspection nor comments made in order to give them a chance to establish their system. So, if you go back to nine months after 1949 you can get all these reports you can possibly need relevant to the company.

Mr. MACDONNELL: We must have spent now more than half an hour arguing about this and I like to think you are a practical, conscientious man, except when restricted by other overriding considerations. If you were sent to determine the affairs of a company, let us say from the year 1950, would you think it was sensible for the officers of the company to say you cannot look back beyond 1950? Would not you think that it was sensible to try to understand what was going on in order to have a knowledge of the background, and what possible harm it could do passes my comprehension.

The CHAIRMAN: I was not wasting time. I have looked at the order of reference of April 3, 1952. That was last year's reference. Last year's order of reference fixed the date of March 31, 1950. This year's order of reference of January 22, also fixes the date as the 31st of March, 1950. It seems to me, gentlemen, that that in itself is a bit unusual. I would have thought that the date would be March 31, 1951. In 1951 the date was fixed as March 31, 1950. So that in the three years the date has always been the same giving the committee far more scope than the ordinary committee would have and in fact not limiting the committee but widening its scope. We have ample work before us now. I think we will have to be limited by the order of reference to the 31st of March, 1950.

Mr. FULTON: May I endeavour again to show how the answers to the questions which I have asked would be relevant. We are asked to inquire into expenditures and commitments for expenditures since March 31, 1950. It is true that we now have before us appendix B to the Currie Report and exhibit No. 1, which is some further elaboration of that appendix. And we are now dealing with item No. 6, being Halifax, in which the appendix shows there were seven irregularities that have been reported on by the chief auditor. Now we are also asked to make recommendations as to how economies may be effected and it seems to me at the same time it will be very relevant, apart from our inquiry, to ascertain the extent to which the department has acted upon the observations and recommendations, if any, made in the chief auditors report, and also to ascertain whether, since March 31, 1950, any expenditures have been made, or any waste or inefficiency has arisen as a result of the continuation of conditions which were in fact drawn to the attention of the department before that time.

Last year we had exactly the same terms of reference in so far as the scope of our inquiry into expenditures themselves was concerned, and we received evidence without any objection, with respect to the auditor's report made in 1949. You will find that at page 173 of last year's proceedings, and you will find that no objection whatsoever was raised on that point. Therefore I can only submit that it is an untenable proposition to say that if you find that in money spent by this works company in Halifax—where their responsibility was perhaps for property which was valued at \$5 million or more—I don't know how much there were irregularities such as were drawn to our attention in the Currie Report. We cannot ask for reports which drew attention earlier to the same conditions. It seems to me that we should inquire as to whether or not those irregularities—or the conditions giving rise to those irregularities—had been drawn to the attention of the department at any previous time. We will have to limit it to some time, and I have suggested since the war because the third column of exhibit No. 1 in the summary of the department itself says that stock-taking, "has not been accurate since the war"; so there could be no clearer argument, it seems to me, to support the contention that it is relevant for us to ask whether there was any previous report drawing attention to these conditions, and if there was, was it acted upon. If we find that they were acted upon, that would dispose of the matter. But if we do not so ascertain, then how are we to have a sound basis upon which to make recommendations as to how economies could be effected?

Mr. WRIGHT: The Currie Report was referred by the minister particularly to this committee and it stated, at page 712, at the bottom of the right hand column:

The chief auditor of the department had performed his functions conscientiously. Time and again he had reported unsatisfactory conditions.

Well, it seems to me that we should be able to obtain the evidence which supports the statement "time and again..." whether it refers to 1950, to 1949, or to any other period.

Mr. DICKEY: Those are all in appendix B.

Mr. WRIGHT: They are not. They are only for 1950.

Mr. DICKEY: No. It has been answered that appendix B included the auditor's report on the work companies.

The CHAIRMAN: At the bottom of 712 it reads:

The chief auditor of the department had performed his functions conscientiously. Time and again he had reported unsatisfactory conditions. This is clear from appendix 'B' which summarizes his findings over a period of years.

Mr. WRIGHT: It summarizes it for 1950 on, but not before that.

Mr. DICKEY: It was quite clear from the witness' evidence that this appendix B includes all the chief auditor's reports relating to the works companies. He said that the chief auditor's system was brought into effect in 1949 and that there was a nine month's lapse to allow the works companies to get their new system in order, and then these audits started.

By Mr. Dickey:

Q. Perhaps I should ask the witness this question: Is it or is it not correct to say that appendix B includes all of the chief auditor's reports on works companies from the very beginning of operations of the chief auditor down to February 1952?—A. No, it is not correct. Appendix B covers all of the audit reports from the date the new system was introduced.

The CHAIRMAN: On what date?

Mr. DICKEY: I did not get that. Please speak louder.

The WITNESS: September, 1949.

Mr. DICKEY: But Mr. Fulton's question, as I understood it, was answered. The witness said that there had been reports—and I am paraphrasing what he said—that there had been reports of unsatisfactory conditions in the works companies and that as a result of those reports a new system was brought into effect in 1949. Surely that is an answer to Mr. Fulton's question. Now Mr. Fulton is obviously basing his question on some private information that he has; and if he could base further questions on that private information so that the witnesses might deal with them, I think that would be quite proper. But simply for him to ask a catch-all question of the kind that he has asked is, in my submission, improper, and probably no better answer can be given than that which has already been given.

The CHAIRMAN: Gentlemen, let us go on. I always felt that as much information as possible should be given to this committee. I have never troubled very much about the dates. If information was readily available, then I thought it should be given to the committee. But if I am going to be faced with the problem, that information which I have allowed is not information which should come before this committee and that it is outside of our order of reference, then when it is called to my attention I shall have to deal with it, but I am not at all anxious to do so. At the moment I think the witness should continue with the report.

The WITNESS: The chief auditor has just advised me that this is the only report he ever made on the Halifax Works Company.

The CHAIRMAN: After one hour. That does not help. It is not a question of whether that is the only one, there may be four, five, or half a dozen. Your point is that if you do not raise it now, you will raise it again in fifteen minutes in respect to another of the items, instead of Halifax, and then we will have to deal with it all over again.

Mr. FULTON: No. I have asked a question with respect to Halifax.

The CHAIRMAN: And he answered it and told you that there are no others.

Mr. FULTON: No, Mr. Chairman. I asked him: what reports do you mean? I did not confine it to the audit reports. Somebody asked: do you mean the chief auditor's reports? And I said no. I made it clear what report I meant. Then you asked if I could confine it within a period of years and I said: since the war.

Mr. BENIDICKSON: I suggest that Mr. Fulton has not indicated what reports he wanted.

Mr. FULTON: I would be content to confine it to "since January 1, 1949" if you wish. But I must say that I cannot let the matter rest, because I am interested in knowing whether there were such reports, and if so, what was their nature, and what action was taken as a result of those reports.

The CHAIRMAN: We are limited to our order of reference which dates it at the 31st of March, 1950.

Mr. FLEMING: Mr. Chairman, you made a comment before Mr. Fulton spoke which indicated that you misapprehended the position. You assumed that the answer of the witness disposed of the matter. But the witness' answer relates to the auditor's reports only.

The CHAIRMAN: You are quite right, Mr. Fleming.

Mr. FLEMING: But Mr. Fulton mentioned inspection reports, and that was given as an example only. He was not confining it to that. The committee should not close its eyes to other reports, if there are any other reports in existence. And I would suggest that the witness be asked to review the files of the department to see what other reports there are in relation to this matter; and I ask you to consider this seriously. It is a highly dangerous procedure to make an arbitrary ruling that any report which ante-dates 1950 which reveals conditions which might well continue beyond March 31, 1950, should be ruled out. That would be a highly restrictive ruling to make.

Mr. THOMAS: Is it not obvious, Mr. Chairman, that Mr. Currie's Report is based on reports of one kind or another and his own investigation generally, much the same as we have within our terms of reference?

Mr. HUNTER: Mr. Chairman, the terms of reference are somewhat narrower than would appear at first glance. We are asked to report on economies arising from these irregularities. Now, in 1949 you had a new accounting and audit system put in, and in 1952 you had a report made by Mr. Currie; and Mr. Currie made a great many recommendations, most of which have now been implemented. Surely if we are going to give anything useful to the government, as to how we can save expenses and as to how economies can be made, we must consider any item not in the light of the accounting system or any inefficiencies at the time the item occurred, but surely in the light of the new system which is being implemented with many new suggestions which is implemented as a result of the Currie Report. Therefore, unless we can consider any expenditure, even an old one, in the light of the new system put in and of the new corrections made following the Currie Report, we are not likely to give anything useful to the government because we have to consider it in the light of the new system and recommendations; and if we do not, we are simply rehashing old material and all we can hope to do is to give something which might be the subject of criticism but which does not help us to form an opinion or from which we can make recommendations with respect to economies. I do not know if I have made myself clear or not.

The CHAIRMAN: Quite clear! Please limit your question to March 31, 1950 and at the same time relate it to these two items that are before you in appendix B of the Currie Report.

Mr. WRIGHT: On page 713 of the Currie Report—

Mr. FLEMING: Is that on the same point?

The CHAIRMAN: Yes.

Mr. FLEMING: Well, if that is the ruling, we will have something to say about it.

Mr. WRIGHT: On page 713 of the Currie Report it says:

Aside from reports being delayed for considerable periods of time, the record shows the next audit revealing conditions similar to those previously reported and, in some cases, worse.

How many reports were made on No. 6 Halifax?

The WITNESS: There was only the one report made on No. 6 Halifax.

Mr. FULTON: Only the one audit report?

Mr. WRIGHT: You say there was only the one audit report made in the period 1950 to 1952?

The WITNESS: That is right. There were six companies in which two reports were made, if you examine them.

Mr. WRIGHT: Mr. Currie must have been referring to reports other than audit reports when he makes that statement.

The CHAIRMAN: I do not know what Mr. Currie referred to. I suggest someone should have asked him.

Mr. FULTON: Mr. Chairman, on your ruling I am afraid that you are saying that we must not ask about reports prior to March 31, 1950 although I have confined it to the period subsequent to January 31, 1949. I will have to appeal your ruling because, without rehearsing the whole argument, I would say that reports as late as January 1, 1949 or subsequent thereto of conditions at Halifax would have a very definite bearing on the whole of our inquiry. If it should be found, as I am under the impression would be the case, that conditions shown in those reports were acted upon at the time Mr. Currie made his report, that would be the case. Last year without any objection whatsoever, or even without anybody raising the point, evidence was permitted to be given as to reports antedating March 31, 1950. Any number of instances were given the committee, and I refer to page 173, where there followed about eight pages of discussion on that particular case. I have not had a chance to find other cases, but my recollection is there were a number of other occasions on which reference to conditions prior to March 31, 1950, was permitted in this committee. So I can only conclude that the effect of your ruling, Mr. Chairman, would be to choke off inquiries which this committee should make, and which would be very helpful to us as material upon which our recommendation; and if your ruling is maintained, then the effectiveness of this committee's inquiry will be very greatly reduced.

Mr. MACDONNELL: Mr. Chairman, surely you do not want to turn this committee into a tied committee?

The CHAIRMAN: I am not turning it into one, but you are forcing a decision which I do not think you should force. You are asking for information, as in Mr. Fulton's question, which was framed in such a general fashion that I do not know what it involves. We have enough work to do if we examine into expenditures since the 31st of March 1950.

Mr. ADAMSON: Mr. Chairman, would your ruling preclude us from going back of 1942 in a case such as Wallis House?

The CHAIRMAN: I did not preclude information on the Wallis House because, it was necessary for you to have the background material if you wanted it. If you did object to it, it would not have gone on the record.

Mr. FULTON: I did not object to it, Mr. Chairman.

The CHAIRMAN: But if you had objected to it, it would not have gone on the record.

Mr. FLEMING: As to important background material, surely the direction you should give the witness is to look through the files of the department to see if there are any such reports and if so to bring them to us at the next

meeting. Let us suppose the situation was like this: I shall put a situation before you seriously. The ruling you are going to make has very serious consequences. Suppose you found reports. Let us take an extreme case. Suppose you found reports dated March 29, 1950 which indicated a very serious situation there which continues into the period subsequent to March 31, 1950. Is it comprehensible that this committee should close its eyes to the disclosure of those conditions on that date? The effect would be that conditions are brought to the attention of the department on that date which went back into the period following March 31, 1950 no adequate action would be taken. If you rule like that, it will have most serious consequences.

The CHAIRMAN: I agree, Mr. Fleming, that would be an extreme case but I do not think that the committee for one moment could so rule.

Mr. FLEMING: All that I ask is that this witness look up his files to see if there are such reports.

The CHAIRMAN: This witness is dealing with the auditor's reports within the scope of the order of reference. You are not asking for auditor's reports but for reports of another kind. That is entirely outside the scope of appendix B.

Mr. FLEMING: No, no. It is raised in appendix B. You will remember that we wanted to have the reports. But we were denied those reports and were told to content ourselves with a summary.

The CHAIRMAN: In the auditor's reports, Mr. Fleming?

Mr. FLEMING: In the summary before the committee, on page 7, where it says:

Stocktaking has not been accurate or adequate since the war, ...

That is an expression which appears in this document which is properly before us. How are we to judge these things which are mentioned if we are precluded from having knowledge of the conditions which existed on March 31, 1950? That information is to be found in this report.

Mr. DICKEY: What report?

Mr. FLEMING: All we are asking the witness is to have a look for these reports in the department which have a bearing on this statement in exhibit No. 1.

Mr. DICKEY: Mr. Chairman, we have a witness before us and it is open to us to ask him what those words mean, what they signify, and to follow the inquiry in that way. But Mr. Fulton is obviously operating on the basis of some private information he has, and I think that he should be able to frame his questions in the light of the knowledge and information that he has.

Mr. FULTON: Mr. Dickey may be assuming that I am basing my questions upon private information. But one of his objections is to my asking the department whether there are reports. But I would have questions to ask based on the documents which are officially before us.

Mr. HUNTER: You have asked that question and it has been answered. He has not objected to that.

Mr. FULTON: He says that he believes there are such reports.

The CHAIRMAN: He did not. He said there may be.

Mr. FULTON: Mr. Chairman, what this committee is doing, if it sustains your ruling, is deliberately to preclude us from getting those reports because they may be embarrassing.

Mr. BENEDICKSON: We have the right to inquire over a range of three years of expenditures. I do not feel that those who are complaining this morning should feel very much injury about their position because, as I recall it, they did not want to go into any of these matters at all.

The CHAIRMAN: Gentlemen!

Mr. FLEMING: Mr. Benidickson has been highly inaccurate in his statement.

The CHAIRMAN: There have been a few inaccurate statements made here but I have not called attention to them. However that is not important at the moment. Mr. Fulton, the chair has ruled that we are limited by the order or reference, to the 31st of March, 1950. Are you appealing against that ruling?

Mr. FULTON: Yes, Mr. Chairman.

The CHAIRMAN: Very well then. All those in favour will raise their hands. We will have a recorded vote. All those in favour of the chairman's ruling will say "yes".

Mr. FLEMING: Mr. Chairman, are you ruling or are you saying we are not entitled to have reports antedating March 31, 1950?

Mr. FULTON: Those are reports which relate to exhibit No. 1.

The CHAIRMAN: That is the ruling. All those in favour of my ruling?

Mr. CHAIRMAN: Mr. Clerk call the roll.

The CLERK: (Later) yeas: 12, nays: 9.

The CHAIRMAN: The ruling is sustained. Let us proceed. Are there any further questions on irregularity No. 4?

Mr. JUTRAS: I want to ask a question on the next one, Mr. Chairman.

The CHAIRMAN: No. 10, Winnipeg.

By Mr. Jutras:

Q. With respect to No. 10, Winnipeg, it states:

Only materials classified as salvagable are brought on charge.

I presume this is unsalvagable material. And then it says:

non-serviceable articles having salvage value are disposed of to ordnance.

The CHAIRMAN: What is your question?

By Mr. Jutras:

Q. This is a question which relates to unserviceable material that is brought on charge.—A. I am not sure that I follow you.

Q. It is not quite clear from this.—A. "Only materials classified as salvagable are brought on charge" is a statement of the chief auditor; those would be non-serviceable articles that could be made serviceable. They were brought on charge.

The CHAIRMAN: From a quick look, has not the N.C.O. been putting non-serviceable material in one place and serviceable material in another place? They did not like the way he divided it?

By Mr. Jutras:

Q. I am not referring to the information itself. All I want is to get a clear picture of how the army proceeds in such cases? —A. Only non-serviceable articles that could be made serviceable in this case were being brought on charge. It means in one case they were, and in the other case they were not. It should have been for both.

Q. What is the practice in the army? If the foreman of works classifies the stores, do you mean that is the works officer who clarifies the material whether it is serviceable or not? Is it he who classifies the material as being

serviceable or non-serviceable?—A. That is right. It is the works officer, or a foreman of works; or if it is mechanical equipment, it would be the R.C.M.E. officer.

Mr. HERRIDGE: Is that regardless of value and quantity?

The WITNESS: That would be regardless of quantity or value, yes.

The CHAIRMAN: 7 and 8 are of a similar nature.

By Mr. Applewhaite:

Q. On page 8, No. 11 Vancouver, it says:

19 surplus motors have been shipped to Vancouver in February 1951 and taken on charge. Remaining 15 are in stock at Boundary Bay and all on charge in stock records.

That would bring the total to 34. Were only 34 motors involved?—A. That is right. There were only 34. The auditor said approximately 40. Examination of the auditor's observation determined there were only 34 motors involved and all accounted for.

Q. Is it quite definite there were no electric motors unaccounted for?—

A. That is right. There were none unaccounted for after the examination.

By Mr. Macdonnell:

Q. In other words your explanation is inadequate. It only accounts for 34. I did not hear what Mr. Armstrong said.—A. I said the auditor said approximately 40. When the observation was completely checked the number was found to be 34 and they were all accounted for.

Mr. HENDERSON: 12 Regina 1952. The word "produce" seems an odd word. Some produce on hand has not been brought on charge.

The WITNESS: You could call it waste material; this is an accumulation of scrap. That is what it amounts to.

The CHAIRMAN: That is the word you would use for scrap?

The WITNESS: This is the technical term used by the army works services.

The CHAIRMAN: What would they call scrap? Apparently they call scrap produce.

Mr. PEARKES: Refrigerators.

Mr. MACDONNELL: Could I just ask one further question regarding the top item on page 8. Could the witness give us any idea as to the size or the value of these motors? You have approximately 40 when it turns out to be 34. If it was pins or small articles one would not be surprised, but what is the approximate value of these things?

The WITNESS: These are small motors. The original value would be somewhere between \$11 and \$20 I am told each.

Mr. PEARKES: Fractional horsepower motors?

The WITNESS: Yes, fractional horsepower motors, 3/4 and 1/4 and so on I am told, used for fans, oil burners.

Mr. MACDONNELL: It must be in connection with a doll's chair.

The CHAIRMAN: Anything on page 9?

Mr. PEARKES: No. 2—Borden. There is a report 11 refrigerators are missing. 3 have been found. Is there any record of what has happened to the remainder? It says investigations are continuing.

The WITNESS: These are not refrigerators. It turned out that they are refrigerator condensing units and they have all been found and located. Do you want the details?

By Mr. Fulton:

Q. Is there any relation between them and the item on page 12? Again it refers to No. 2 Borden. "31 refrigerators were received."—A. No. As far as I know they are not related.

The CHAIRMAN: Gentlemen, on page 9 I think we dealt with Borden. The next page is page 10. And similar items on page 11. Now, page 12 is non-expendables. Any questions on that?

Mr. FULTON: What about No. 2 Borden again. Can Mr. Armstrong explain what that means?

The WITNESS: It has reference to recording on a ledger card the installing of fixtures in the building such as refrigerators and stoves and similar items. Now, in this case what is meant here is that all 31 refrigerators that were received into the unit in 1945 and 1946 had in fact been issued to buildings and they had not completed an appropriate ledger card for them. Now since the auditor's observation was raised they have completed those cards.

By Mr. Macdonnell:

Q. What is a packing note?—A. A packing note is simply a voucher which goes with the package of goods.

Q. That is what I assumed. Does it mean then that all that was needed to get those things out of storage was a packing note; does it purport to be an authority in any sense?—A. No. It is not an authority, it is a voucher listing the goods and would be receipted by whomever received it.

Q. Are those proper equipment for married quarters?—A. Yes.

Q. If those went out just by packing notes there was nothing to show whether they got to the temporary and emergency married quarters as was presumably intended.—A. If the issue had been made without the proper authority the auditor would have pointed it out and he is simply pointing out that these refrigerators were put in married quarters but the ledger card which should have recorded that the refrigerator was in a certain married quarter had not been completed.

Mr. HERRIDGE: No. 3, Petawawa 1951.

The CHAIRMAN: At the bottom of the page?

Mr. HERRIDGE: Yes. "Walk-in refrigerators installed in sergeants' mess and officers' mess of the summer camps." What would be the cost of those walk-in refrigerators?

The WITNESS: I have not got that here. I will have to get that for you.

Mr. APPLEWHAITE: At the same time would you bring in the numbers of the men using those two messes or refrigerators.

The WITNESS: Yes.

Mr. MACDONNELL: And for what length of time during each year.

The CHAIRMAN: Pages 13, 14 and 15 are all similar.

Mr. ANDERSON: I would like to ask a question on page 15.

Mr. APPLEWHAITE: I have one on 14. Vancouver, 1951. These deal with blinds, common and venetian. Is it known whether there have been any thefts or physical losses of any of these blinds and if so at what value?

The WITNESS: I know of no losses of these blinds. It is a question again of recording these blinds on these ledger cards I mentioned before. Subsequently to this audit the regulations have been changed and the roller blind is no longer required to be recorded on this type of ledger card.

Mr. APPLEWHAITE: It has been suggested I think with perhaps some reason that this method of handling them might make it very simple for the

blinds to be irregularly removed. What I want to know is whether you have a record to indicate that some of them have disappeared?

The WITNESS: No.

Mr. ADAMSON: I want to ask a question on the second item. I believe Mr. Fulton wants to ask a question on the first item.

By Mr. Fulton:

Q. Vancouver, 1952. Is there any report as to when this item was issued, that is the refrigerator?—A. Yes, it was issued somewhere between 1946 and 1952.

Q. Were your inquiries cut off because it antedated March 31, 1950?—A. No, sir.

Mr. APPLEWHAITE: May I ask the same question on 11.

By Mr. Fulton:

Q. Did the records show when it was issued. Anything more specific than between 1946 and 1952?—A. I have some detail. I am trying to locate it but it seems to have slipped away from where it should be. I will see if I can get it.

Q. It shows how relevant it may be to go back prior to March 31, 1950.—A. I perhaps should explain in the first place how this arises, that under the new system that was introduced in 1949 there was a change made in the method of controlling this type of equipment and these ledger cards that are described were set up to record what is called the installed fixtures. Before that, items were recorded on inventory sheets which included a great many items running into some hundreds. Now, this observation arises because the auditor in checking new ledger cards stated that in checking against the inventory sheets it was found there was this one item on the old inventory sheet that was not recorded on the new card. There was a complete investigation to try and locate it and I think the answer is simply they just could not trace it back. It could have been the result and probably was the result of someone failing to record the move of that refrigerator at some stage.

Mr. HARKNESS: Is it an electrical refrigerator?

The WITNESS: It was a refrigerator condensing unit.

Mr. HARKNESS: I was wondering about the value and the value of a whole lot of these items. I know that a value of \$80 for a refrigerator does not seem to be reasonable.

The WITNESS: It was not a complete refrigerator. It was a refrigerator condensing unit, the motor and the compressor, part of the refrigerator unit.

By Mr. Adamson:

Q. One question on Regina. Here is equipment installed in area commander's house unsupported by CAFC 20-20A's vouchers and there were unsigned vouchers. Now it brings me back to the question I have asked, and to which I have never quite had a satisfactory answer, and that is how are these things paid for. The witness says the Treasury Board issues the cheques. Well, now, if you have an unsigned voucher, who authorizes the Treasury Board to issue the cheques? It seems to me that is a very important question.—A. May I make a correction? First of all, it is not the Treasury Board, it is the Comptroller of the Treasury. They are two different organizations. Now, the unsigned voucher that is referred to here is the packing note from the stores officer delivering it to the residence where it is to be installed. The voucher, the invoice and the receipt of the goods covered by the invoice would have been receipted by an individual in stores who received it and certified it.

It would be on the basis of that that the treasury would pay the bills, but this refers to the actual receipt, the physical receipt of the goods in this area commander's house. This is the same item we discussed earlier.

Q. Yes. What were these goods? Have you any check?

The CHAIRMAN: It is on record.

The WITNESS: It is on record in the last page of No. 8 of these proceedings.

Mr. APPLEWHAITE: May I ask the same question on No. 11 Vancouver 1952 that I did on No. 11 Vancouver 1951. Have you any record of any physical loss of these appliances?

The WITNESS: No, there is no record of a physical loss. As a matter of fact, these were controlled under a different system than the one laid down in the regulations that is all.

The CHAIRMAN: We are now dealing with irregularity No. 7—unauthorized issue of stores and materials—page 16, item No. 3 Petawawa 1951.

By Mr. Henderson:

Q. What was the appointment and rank of the person who issued these refrigerators to individuals?—A. I am not sure that I have that information. The lieutenant in charge of the stores.

Q. Now, with regard to the individuals who had the loan of these refrigerators, were the physical locations of these refrigerators in the army camp or outside of it?

The CHAIRMAN: Are you asking about No. 3. Kingston or No. 3 Petawawa?

Mr. HENDERSON: Kingston.

The CHAIRMAN: The witness was replying to No. 3 Petawawa.

The WITNESS: There are seven refrigerators.

Mr. HENDERSON: I am dealing with two on loan to individuals; the last two were on loan to individuals.

The CHAIRMAN: We were talking about the wrong item.

The WITNESS: These were in the homes of the people to whom they were lent.

Mr. CAVERS: Were they military personnel?

The WITNESS: They were military personnel.

Mr. HARKNESS: I did not hear that last answer.

The WITNESS: Military personnel.

By Mr. Henderson:

Q. Where were these homes? In the military camp area or outside of it?—A. One was in Kingston and one was in Ottawa.

Q. When was the request for rent made? After the irregularity had been found or before?—A. After the irregularity had been found.

Mr. FULTON: Are these real refrigerators?

The WITNESS: These are the standard refrigerators used in married quarters.

Mr. PEARKES: Could you give us some idea—

The CHAIRMAN: Please wait till Mr. Henderson completes his questioning, Mr. Pearkes.

By Mr. Henderson:

Q. What was the amount of rent collected, and for how long a term?—A. I have not got the total amount here. I will have to get the answer to that.

Q. Yes, and what date were these refrigerators taken on loan by these two individuals?

Mr. PEARKES: Were they 7 cubic feet refrigerators?

The WITNESS: The standard one is 6·7 or 7 feet—that size of refrigerator.

Mr. HENDERSON: On the first question I asked you I think you gave me the answer to Petawawa. Can you tell me what the answer is applying that same question to Kingston?

The CHAIRMAN: What was the question?

Mr. HENDERSON: What were the ranks or what were the appointments of the person responsible for the issuance of these two refrigerators to these same individuals?

The WITNESS: The answer I gave you there refers to Kingston—subsequently, when you mentioned two refrigerators I thought you were referring to Petawawa.

By Mr. Pearkes:

Q. Can you give us some idea of the policy regarding the issue of refrigerators? Is there a scale of issue? When are these refrigerators rented? Are they sometimes issued free?—A. There is, of course, a scale of issue of refrigerators but they would be used and are used under a variety of circumstances. Every married quarter is equipped with a refrigerator and of course in the kitchens and messes there are refrigerators. Some of these are built-in refrigerators and part of the equipment of the building.

Q. Who has the authority to say whether a refrigerator will be issued?—A. It is laid down that every permanent married quarter is equipped with a refrigerator.

Q. Are refrigerators issued to fire halls?—A. They are not normally issued to fire halls, no.

Q. That seems rather strange.—A. I will get some further information for you.

By Mr. Adamson:

Q. Could the witness find out how many of these refrigerators were bought or issued since the beginning of this period. Since March 31, 1950.—A. Yes.

Q. And the sizes.

Mr. HARKNESS: Could the witness have the details of some of the questions asked in regard to the refrigerators as far as No. 2 Toronto is concerned and as to what these tools and stores were and who the individuals were.

The CHAIRMAN: The committee is adjourned until Tuesday.

The committee adjourned.

APPENDIX No. 14

LOCAL PURCHASE ORDERS

placed by

THE ARMY WORKS SERVICE IN EASTERN ONTARIO AREA

	Fiscal Year 1950/51	Fiscal Year 1951/52	Fiscal Year 1952/53 to date
Ottawa			
Detachment .. Nil		\$ 290.90 (By OC) \$2,472.74 (By DM)	\$2,012.13 (By OC)
Barrie/field			
Detachment .. \$321.35 (By AEO)		\$2,602.77 (By AEO)	\$6,990.04 (By AEO)
Brockville			
Detachment .. Nil		Nil	Nil
RMC			
Detachment .. Nil		Nil	Nil
CASC			
Detachment .. Nil		Nil	Nil
Kingston			
Detachment .. Nil		Nil	Nil
Picton			
Detachment .. \$180.45 (By AEO)		\$1,931.86 (By AEO)	\$3,289.30 (By AEO)
Cobourg			
Detachment .. Nil		Nil	Nil
Petawawa			
Detachment .. \$691.01 (By OC)		\$2,523.03 (By OC)	\$1,469.57 (By OC)
TOTALS ...	\$1,192.81	\$9,821.30	\$13,761.04

NB—The letters in brackets indicate the approving authority, i.e.,

(OC)—Officer Commanding

(DM)—Deputy Minister

(AEO)—Area Engineer Officer

Canada Defence Expenditure
Special Committee on, 1952/53

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HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament
1952-53

(SPECIAL COMMITTEE

ON

Physical &
Applied Sci.
Serials

DEFENCE EXPENDITURE

Chairman: Mr. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE [and
No. 10 reports]

TUESDAY, MARCH 3, 1953

WITNESSES:

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance),
Mr. J. A. Kidd, Chief Auditor, Department of National Defence.

MINUTES OF PROCEEDINGS

TUESDAY, March 3, 1953

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Dickey, Fleming, Fulton, Harkness, Henderson, Herridge, Hunter, Jutras, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stick, Thomas and Wright.—(20)

In attendance: Messrs. E. B. Armstrong, W. R. Wright and Brigadier W. J. Lawson, Department of National Defence.

The Committee continued its examination of APPENDIX B—page 734 of the Currie Report—Summary of accounting irregularities and relevant Exhibit No. 1 tabled February 17.

Mr. Armstrong was called and gave answers to questions asked at the meeting of February 26 by Messrs. Herridge, Henderson, Applewhaite, Macdonnell, Harkness, Adamson and Pearkes. He was further questioned thereon.

Messrs. Fulton and Fleming again referred to the tabling of Auditor's reports prior to March 31, 1950, and after a discussion on procedure, the Committee resumed its examination of the witness.

At 12.55 o'clock p.m., the Committee adjourned until 5.00 o'clock p.m. this day.

AFTERNOON MEETING

The Special Committee on Defence Expenditure met at 5.00 o'clock. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Applewhaite, Benidickson, Blanchette, Boisvert, Croll, Dickey, Fulton, Harkness, Henderson, Herridge, Hunter, Jutras, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stick, Thomas and Wright.—(18).

In attendance: Messrs. E. B. Armstrong, W. R. Wright and J. A. Kidd, Chief Auditor, Department of National Defence.

Mr. Fulton made corrections in the evidence of Thursday, February 26 (*see corrigenda in today's proceedings*).

The witness gave an answer to Mr. Fulton relating to Barriefield which was not available at the morning meeting.

The Committee concluded its examination of Mr. Armstrong on Appendix B of the Currie Report and relevant Exhibit No. 1.

Mr. Armstrong was retired.

Mr. J. A. Kidd was called and his examination begun.

At 6.00 o'clock, the Committee adjourned to meet again on Thursday, March 5, at 11.00 o'clock.

ANTONIO PLOUFFE,
Clerk of the Committee.

NOTE: For corrections of Mr. Fulton at pages 224 and 227 of No. 9 of the minutes of proceedings and evidence, see this day's evidence.

EVIDENCE

MARCH 3, 1953.

The CHAIRMAN: Gentlemen, I see a quorum.

Mr. FLEMING: Is there any chance of our getting the use of the Senate room again while the Senate is not sitting? I think we are all troubled by the ventilation in here.

The CHAIRMAN: An excellent idea, I will see what I can do.

Gentlemen, may I just make this suggestion. I would like very much, I think it would be in the interest of the committee, if we were able to finish appendix B this week. We have a great deal of work in front of us which we have not yet been able to attempt. I am prepared to go on as we are, but if we are bogged down, I think I shall have to call the agenda committee together to see if we can find ways and means of making more progress without curtailing any of the opportunities for examination. Some of the items here are repeat items. You may feel that it is important you should question on them, but I would like this committee to get into some of the matters where real money was spent so we could have an opportunity to examine them.

Mr. FLEMING: I think we would all like to see us make the best progress, but I just mention that the time being spent is time taken up in trying to get the meaning of some of these very terse comments and it gets back to the question, if members had an opportunity of looking at those original reports it would save time, but with just these terse comments what can we do?

The CHAIRMAN: The department has a very high appreciation of the ability of the members and attempts to put the material into capsule form. They know we can read between the lines. Mr. Armstrong, have you any answers?

Mr. E. B. Armstrong, Assistant Deputy Minister of National Defence (Finance), called:

The WITNESS: Mr. Chairman, Mr. Herridge asked the name of the area commander at Victoria. It is Brigadier McGill. That was, I think, two days ago, with reference to page 1, No. 11 Victoria of Exhibit No. 1.

Mr. Henderson asked for additional information relating to the refrigerators page 1, irregularity No. 7, Kingston.

The CHAIRMAN: Page 16.

The WITNESS: There were three refrigerators issued to individuals. One was issued to an emergency married quarters occupied by a sergeant on July 1, 1951. At the time of the audit rental was not being charged. This was corrected following the audit. Authority for issue of refrigerators to emergency married quarters exists, but this was done in an irregular manner.

The second refrigerator was on loan to a sergeant and located in his private dwelling in Kingston. The period was August 23, 1950, to October 7, 1951. Deduction was made from his pay in the amount of \$13.

The third refrigerator was on loan to a lieutenant and was located at a private dwelling in Kingston during a period of two months. The officer had been retired from the army before the audit observation was received.

By Mr. Cavers:

Q. Mr. Chairman, could we be informed why there was a refrigerator in the firehall at Kingston?—A. The refrigerator in the firehall was in there irregularly. There is no authority to put one in the firehall, but since there were certain refrigerators at the unit awaiting installation in married quarters and the firemen are on duty for long periods of time and on shifts and there is some advantage in having a place to store their milk and lunches, the army works service allowed them to put one of these refrigerators temporarily in the firehall.

The CHAIRMAN: Well put, Mr. Armstrong.

The WITNESS: Another question of irregularity, No. 6, at Petawawa, with reference to refrigerators. This was the one on the bottom of page 12. The question was asked by Mr. Herridge as to the cost of the refrigeration equipment. The cost of the equipment was \$475. Mr. Applewhaite asked the number of people served by the mess. The peak load in the sergeants' mess is 252 and in the officers' mess 275.

Mr. Macdonnell asked the period during which the messes are used. They are used during June, July and August.

Mr. APPLEWHAITE: The two are walk-in refrigerators?

The WITNESS: Reach-in refrigerators.

By Mr. Dickey:

Q. The item of cost includes the two refrigerators?—A. \$475 each. This is the cost of the equipment. I am told that these were a complete unit. They were not actually walk-in. This is an error in the auditor's report describing them as walk-in. They are a reach-in refrigerator.

Colonel Harkness asked for information relating to the item irregularity No. 7 with reference to tools in Toronto. That is the second item on page 16, "tools and stores have been issued on loan to individuals and units on packing notes or receipted issue vouchers." These cover three general situations. A tool chest was loaned to Sapper McKenna for performance of his duties and the wrong form was used to record it. The tool chest was returned in April 1951. Secondly, other tools were loaned to individuals for performance of their duties and again recorded on the wrong form. These tools were all recovered subsequently.

And thirdly, bailey bridging equipment was vouchered to the Toronto detachment, No. 2 works company, in January 1949, but was shipped to the 48th Field Squadron, Kitchener, and No. 2 Field Engineering Regiment, Toronto, by the stores and equipment depot, and that equipment should have been issued to those units on a proper issue voucher. The transaction was actually covered by recording it on these packing notes as loans. The procedure was incorrect and it has been properly recorded subsequently.

Q. These were only errors in procedure?—A. That is right. Mr. Adamson asked for information on the number of refrigerators purchased since March 31, 1950, and the size of the refrigerators. There were two 3-cubic foot refrigerators costing \$258.90, that is an average.

By Mr. Fleming:

Q. Each?—A. No. An average unit cost of \$129.45. There were 1,425 6 to 7-cubic foot refrigerators at a total cost of \$239,332.34. That is an average unit cost of \$167.95. There were 892 7 to 8-cubic foot refrigerators at a cost of \$172,966.49. That is an average cost of \$192.78 each. There were 615 8 to 9-cubic foot refrigerators at a total cost of \$119,174.14. That is an average cost of \$193.77. There were 14 9 to 10-cubic foot refrigerators at a total cost of \$7,415.50, or an average cost per unit of \$529.68.

General Pearkes asked for information relating to the scale of issue in permanent married quarters. The scale provides for one 6-cubic foot minimum per two-bedroom quarter; one 7-cubic foot minimum for a three and four-bedroom quarter. Temporary married quarters, the same scale as for permanent married quarters. Emergency married quarters, one refrigerator may be issued if available in stock. The issue in this case is made on a loan basis and a total charge of \$1.90 per month was made.

By Mr. Pearkes:

Q. Have you got the firms from which those refrigerators were purchased?—A. No. Barrack kitchens and serveries—the refrigeration capacity authorized is dependent on the number of dining members to be served. Hospital kitchens, ward pantries and dining halls—the refrigeration capacity depends on the numbers to be served. Laboratories, medical inspection rooms, pharmacies, operating rooms—a refrigerator 8 to 11-cubic feet if required. Dependents' schools, in the home economics classrooms, one 6-cubic foot refrigerator. In the canteens, active force, corporals and below, refrigerators as required. And messes and canteens other than those I have mentioned, issues have been made on an as-required basis.

By Mr. Fleming:

Q. May I ask if it is much of a task to tell us from whom those purchases were made?—A. The Department of Defence Production would have that information.

Q. You do not have it?—A. I can get it.

Q. And are those purchases made on tenders?—A. They are all made on tenders.

The CHAIRMAN: Let us get on.

The WITNESS: That is all.

The CHAIRMAN: Those are the questions, gentlemen. We are at the top of page 17.

Mr. FLEMING: May I ask what progress is being made with the preparation of that table indicating the disciplinary action taken on these items?

The CHAIRMAN: It will be ready when this is completed. The evidence will be ready as soon as we finish with Mr. Armstrong.

Mr. FLEMING: If we finish this today, we can expect it before the next meeting?

The CHAIRMAN: Yes, I think it will be ready.

On page 17?

Mr. FULTON: Mr. Chairman, on page 17 there is a reference to No. 6 Halifax and No. 10 Shilo, and at the last meeting we had a request for information whether there were reports prior to the Currie Report and the reference here is to Halifax and you will recall you ruled that we could not go back to before March 31, 1950. I would like to repeat that question in view of the fact that extracts from what appear to be reports have appeared in the press since the date of our meeting, and I do think that it indicates a situation of sufficient seriousness to warrant us going back beyond the 31st of March, 1950, and I would accordingly like to ask whether there are such reports subsequent to the time I indicated last time, January 1, 1949, and if so could we have them produced?

Mr. APPLEWHAITE: On page 229 we took a vote on this question and decided it.

The CHAIRMAN: I have already made a decision on that point. There is nothing to stop you talking about it but the decision has been reached by the committee and you are bound by it.

Mr. FULTON: You do not think the seriousness of these statements made in the reports merit our consideration?

The CHAIRMAN: I think we made our decision that we stay within the scope of our reference and we will limit our remarks to that.

Mr. FULTON: Very well, Mr. Chairman. That is a ruling which has been made by the committee, and if it is adhered to it will stultify the work of the committee, but I will confine my request to reports subsequent to March 31, 1950. Were there any reports of a similar nature on the work of the army works services of administrative and accounting matters received by the department subsequent to March 31, 1950, other than the Currie Report and other than the chief auditor's reports?

The WITNESS: Well, the question that you asked or suggested at the last meeting I understood to relate to the army works services company at Halifax and I had an examination made of the files and records in the department and I found no report relating to the army works services at Halifax with the exception of the ordnance inspection reports. They are the only ones. There were two of them. I have the information here if you are interested in it. The inspection took place March 1 to 6, 1951. The report showed that in so far as military personnel are concerned, there was an establishment of 68 and the strength was 60. In the stock-taking there were found deficiencies of \$39.91. There were surpluses of \$121.49. The surpluses were taken on ledger charge and the deficiencies were written off with the approval of the general officer commanding Eastern Command. The grading given to the unit by the inspection team was good. The general comment by the inspection team was that the ledgers, supporting documents and stores were very well maintained. There was another inspection made January 10 to 21, 1952. The establishment—this is the military establishment—at that time was 68. The strength was 56. The deficiencies were \$980.29, and the surpluses were \$680.61. The surpluses were taken on ledger charge and the deficiencies written off on authority of the G.O.C., Eastern Command. The G.O.C., Eastern Command, found in relation to those figures that 73 per cent of the total value of the deficiencies resulted from the loss of 17 covers waterproof. This loss was attributable to construction projects being carried out during the winter months. The G.O.C. considered that the losses were reasonable for the operation of a unit of that type. The grading made by the inspection team was fair. The general comment was that the ledgers and supporting records were well maintained and the control of stores was fair.

By Mr. Fulton:

Q. You said, Mr. Armstrong, that you had a check made of department files with reference to No. 6 Halifax for 1951. I think my question last day—I have not got a copy—

Mr. JAMES: He did not say subsequent.

Mr. FULTON: —related to reports dealing with the army works services generally and the accounting methods in the department generally. In your search for reports of that sort did you confine it exclusively to No. 6 Halifax.—A. The search I had made was confined to No. 6 works company Halifax. I understood your question related to that company.

Q. That was the occasion of my question. The question was, I think you will find, in terms which go considerably beyond that and I would like to ask whether there are such reports subsequent to March 31, 1950, dealing with the accounting and administration set-up in the department and particularly of the army works services or rather particularly to the army works services generally.—A. I know of no reports of that kind dealing with the army works services.

Mr. FULTON: Well the accounting and the administration in the department—

Mr. BENIDICKSON: On a point of order. There is an inference that the witness was asked a question of a broader nature than Halifax at the last meeting and it would appear that he has come forward with something inadequate in relation to what Mr. Fulton was asking. I suggest we look at page 219 at Mr. Fulton's question. One of his questions was—

Mr. FULTON: On the point of order Mr. Chairman.

The CHAIRMAN: He has a point of order.

Mr. BENIDICKSON: I think in fairness to the witness—I think I am in order—the question was “were there any previous reports on No. 6 company Halifax that you know of Mr. Armstrong”. Another question was “were there any steps taken, by way of particular attention given to improving conditions in that company on which you say there may have been earlier reports”. And the witness asked “In Halifax?” And Mr. Fulton answered “Yes” and so on, and then he started his whole examination on the bottom of page 218 referring to Halifax and the point that in every reference among the 156 dealing with No. 6 company the comment, with respect to excuse or reason for some of the troubles there, was there was always reference to deficiency in training.

I just think that should be brought forward because I think Mr. Armstrong in making his inquiries with respect to the last meeting has certainly done all we could expect of him. If there are additional questions that is another matter. The inference is he had a broader inquiry and came forward only with respect to Halifax.

The CHAIRMAN: What is your question, Mr. Fulton.

Mr. FULTON: My question is are there any reports into the administration and accounting methods in the department with reference to the army works services or the administrative set-up of the department generally prior to the Currie report and within the terms of reference in accordance with the ruling made the last time.

Mr. DICKEY: On a point of order Mr. Chairman.

The CHAIRMAN: Just one minute. Within the terms of reference. The answer was “I do not know of any”, but Mr. Armstrong, you will look into that and see if there are any.

The WITNESS: Yes, sir. I understand this goes beyond the army works company.

Mr. DICKEY: There are two questions definitely hidden in that. The question should be separated.

Mr. FULTON: Let us not have anything hidden.

The CHAIRMAN: Gentlemen, just one minute.

Mr. DICKEY: I will tell you what is hidden, that is a report of which Mr. Fulton obviously has a copy and of which we have no knowledge.

The CHAIRMAN: Just a minute gentlemen. Mr. Armstrong what do you understand by the question?

The WITNESS: As I understand it the first question is, are there any reports prior to Mr. Currie's report and subsequent to March 31, 1950 dealing with the accounting and administration in the army works services.

Mr. FULTON: Accounting and administration in the department.

Mr. DICKEY: You see there are two questions.

Mr. FULTON: There is nothing hidden there.

The CHAIRMAN: The department of army works services.

Mr. FULTON: I can broaden it to include the Royal Canadian Ordnance Corps.

The CHAIRMAN: You can broaden it but it will not do you much good.

Mr. FULTON: That is what I was afraid of.

The CHAIRMAN: As it is now we are dealing with the army works services Mr. Fulton.

Mr. JUTRAS: I submit we are dealing with causes in this case. Would it not, from a procedure point of view, be a lot better to dispose of these involved cases first before going into the general questions that have to do with the whole thing? We have spent already several sessions on these individual items and at the rate we are going we are going to spend quite a few more sessions on these if we do not make more speed than so far. I may say in passing that the picture in all these cases is very much the same. The army has collected the paper work and the results have been the results contemplated in the first place. Now, Mr. Fulton is asking questions that are going through the whole question absolutely outside of these individual cases. Why not do one thing at a time and dispose of these.

The CHAIRMAN: The question is of whether there are any other reports within the scope of reference appertaining to the army works services. That is I think a proper question and one that should be answered and we will obtain the answer for him.

Mr. DICKEY: What about the other part of the question.

The CHAIRMAN: I said the army works services. It is a proper question. It should be answered and we will get the answer for him.

Mr. JUTRAS: I am not questioning whether the question was proper or not. I am questioning whether it is proper to put it at this stage.

The CHAIRMAN: I think it is quite proper as applying to the army works services. He is speaking to that.

Mr. FULTON: The question, incidentally, went somewhat beyond the army works services alone. Mr. Dickey was at pains to make sure that nothing was held back and I certainly do not want to help to hold anything back. I hope my question is clear.

The CHAIRMAN: We have dealt with that. We are now dealing with the army works services.

Mr. FULTON: What about that part of the question which goes beyond the army works services.

The CHAIRMAN: I do not think that is before us at the present time, Mr. Fulton.

Mr. FLEMING: Just one observation on that point.

Mr. APPLEWHAITE: Mr. Chairman, would you mind please telling us what item we are on?

The CHAIRMAN: At the moment we are on irregularity number 7 on page 17.

Mr. FLEMING: On a point of order I would like to make an observation on what may or may not be intended by you in regard to your ruling on the question asked by Mr. Fulton. I suggest to you with great respect that if we are narrowing down the scope of the question asked by Mr. Fulton we are not going to make any contribution to progress in the committee because if Mr. Armstrong is being asked to make a certain inquiry which will involve an investigation of files the work involved in the question asked by Mr. Fulton is going to be no greater than would be the work involved in narrowing the interpretation you put on the scope of the question. We are going to have to go back to the question and would it not be a sensible course for people who value their

time to have that answered now instead of having the thing coming up in bits and pieces. We know how much longer that takes, and would it not be sensible to ask Mr. Armstrong to bring this information because it will be asked for repeatedly.

Mr. FULTON: If I may continue to give an instance of the sort of thing I am after, my information is that a report was made at the department's response, or a survey made, by Mr. Walter Gordon. I am not sure of the christian name but I am sure of the surname—into the administrative set-up of the department. Mr. Gordon is an eminent economist and his report certainly seems to me to be within the scope of the inquiries we are making in the accounting and administrative practices. That is the sort of report I am asking for.

The CHAIRMAN: You may be entitled to have that at a later stage, I do not deny it, but at the moment we are concerned with the army works services. Let us finish with that and we will see what other problems face us.

Mr. FULTON: Well, as Mr. Fleming said, it is ridiculous if we are going to ask for this information piece by piece.

The CHAIRMAN: Mr. Fulton, I heard Mr. Fleming.

Mr. FLEMING: Let him finish.

The CHAIRMAN: Mr. Fulton—I am just going to shout you down. Order for a moment.

Mr. FULTON: I wish to make my request.

The CHAIRMAN: I have heard your request and I have indicated to you what my suggestion is that we stay within the scope of the army works services that is now before us. If you have any further requests, at a later stage we could deal with it. I think that is the better course to take. It is giving you everything you asked for at this time. Later, when you wish to widen the scope of your question and have further information, or name the report that you have in mind, then if it is available we will deal with it at that time.

Mr. FLEMING: It seems to me we are not grasping the point of issue. The report, as described by Mr. Fulton, is one that deals only with the methods of accounting and administration within the department. That is a point broad enough to include the works services but it is not confined to it. That is the whole point surely. Because a report, which deals with other matters, also includes the army works services, surely because it includes other matters it is not to be excluded now, and surely you are not going to rule that other matters dealt with in the report should not be considered at this stage.

Mr. McILRAITH: I would like to raise a point of order. I think we must now clean up the question of our procedure here. Mr. Fleming was a member of the steering committee and the steering committee brought in a report after a long debate to certain amendments. When they were disposed of the report was adopted as to procedure and that has brought us down to an examination of appendix B and we are in the process of going through this document item by item. Surely we should continue on that process until we have finished with it without interruption and without these continued and continuous questions and motions that have the effect of preventing us getting on with the examination. There are important and major matters that have been read out for the committee and approved by the committee and surely we should have some chance of getting on instead of having these continuous interruptions each day asking us to get on to other matters that are not in accordance with what was agreed to by the steering committee including representatives from the Conservative party.

The CHAIRMAN: Let us get on with that.

Mr. FLEMING: Mr. McIlraith is completely beside the point. He is not dealing with the point at all. The suggestion is obviously that what we should

do is to race through these things and not ask for anything outside. We started off to review Exhibit No. 1 but we got very very limited information. We were told to ask questions and we are asking questions in order to get all the information that we want. We should not be limited to things in Exhibit No. 1. Here is a case where we are asking and very properly for the substance of a report in existence.

Mr. DICKEY: It has no bearing on Exhibit No. 1.

Mr. FLEMING: The report as Mr. Fulton described it is broad enough to be relevant to any item in this exhibit. Surely the sensible course is to bring it along now and let us see it. Otherwise we will go into this thing time and again.

The CHAIRMAN: Gentlemen, gentlemen, we will proceed with what we have before us. Mr. Fulton has given the name of a report and said—I think he has called it the Gordon report—if it is within the scope of the reference. We will see if such a report does exist.

Mr. FULTON: But Mr. Chairman—

The CHAIRMAN: Now, Mr. Fulton, I just cannot allow—

Mr. FULTON: Did I understand you to say that the request for one particular report—the Gordon report—is in order?

Mr. APPLEWHAITE: No.

The CHAIRMAN: I asked if the Gordon report does exist and if it is within the scope of this reference. I do not know. We shall see.

Mr. HERRIDGE: I would like to refer to page 17, No. 6 Halifax, 1951, "Loans to four individuals not occupying public quarters; three refrigerators and one electric stove". Now, are these loans being recalled as quickly as possible. My point is, a considerable period must have elapsed between the time of the shortages being discovered and this appendix B. Were any of these stores returned within that time. It looks as if the attitude is "look, old chap, you have to return these when you are finished." Would the witness tell the committee what was actually done to see that these irregular loans were promptly returned.

The WITNESS: If I may explain, the material that is under the heading "report by command army headquarters" does not refer to the current situation, it refers to their replies. At the time when they got the audit observations. They proceeded to recall the loans and advised that they were doing so. These had been recalled and they are all back.

Mr. MCILRAITH: That is the 25th of May, 1951?

The WITNESS: That is the 14th of March, 1951. That was the date of the audit report.

Mr. DICKEY: The reply from the command?

The WITNESS: The reply from the command was the 27th of June, 1951—no, the 25th of May, I am sorry.

The CHAIRMAN: Page 17, if there is nothing—then page 18. Under No. 7 alleged irregularity—

Mr. APPLEWHAITE: No. 11 Vancouver where it states the majority of the tools were recovered. What about the rest? Is there a list or estimate of the amount not recovered.

The WITNESS: I will have that looked up, Mr. Applewhaite.

Mr. APPLEWHAITE: If you are going to check that, these are the things that I would like to know; if there is a physical list of the tools that were lost to the public; if there is a statement of their value, and whether this appeared to be an isolated instance or if any evidence of a conspiracy between somebody in the service and somebody outside the service has turned up.

The CHAIRMAN: Irregularity number 8 is on page 19 "installed equipment removed from buildings and/or location changed without amendment to installed equipment card." Anything on any of these items that interests this committee?

By Mr. Macdonnell:

Q. One question—what is meant by saying unauthorized loans have been cancelled?—A. It simply means it has been terminated.

Q. What do you mean—by repayment?—A. Whatever was loaned being called back in and taken into the stores.

Mr. CAVERS: On page 21, No. 4 Montreal.

The CHAIRMAN: That is No. 9. "Failure to carry out stocktaking as required by the instructions".

By Mr. Cavers:

Q. Is there not an annual stocktaking taken every year in connection with these?—A. The regulations require 10 per cent of the stock to be taken monthly, with the result that there would be a complete stocktaking once a year. During the period following the war, there was some difficulty in carrying out that program.

The CHAIRMAN: Is there anything further on page 21?

By Mr. Fulton:

Q. On that page, Mr. Chairman, there are two references to No. 4 Montreal. The auditors' observations are "Last official stocktaking was in 1947." And in the second the auditors' comment is "Five stores sections were behind in stocktaking, three not in progress. None of the 1951 deficiencies was large." Incidentally, there was a gap of two years between the first report, apparently which was 1950, and the second report, which was 1952. Can Mr. Armstrong tell us any of the measures taken subsequent to the report of 1950 to improve the situation there prior to 1952?—A. The report from the command which was dated the 30th of January, 1950, advised that stocktaking had been completed.

Q. Well, you found the same situation then back in 1952. Do we assume there was no stocktaking between 1950 and 1952?—A. No, I don't assume that. What the one in 1952 says is that the program of stocktaking, the one I have described, the 10 per cent to be taken each month, was in arrears. They had not been able to keep up to that schedule at that time. This was undoubtedly due to the change in the work load that occurred between the earlier report and the later one.

Q. Why do you assume that, Mr. Armstrong? It says in the first comment the last official stocktaking was in 1947 and the auditors' report was made in 1950, three years later. It appears that there was no stocktaking for three years between 1947 and 1950. You have no report in 1951, and coming along to 1952 you say that must be assumed to be due to a change in the work load.—A. The situation I think is different. The situation which is referred to in the first auditors' comments, "Last official stocktaking was in 1947,"—following the end of the war there was a considerable volume of engineering stores to be disposed of in one way or another and it took some time to have these properly sorted out, properly warehoused, and to get to a position where the units could carry out the prescribed program of stocktaking. Now this had, according to this report, been completed by January 1950. Subsequently to that, in the succeeding period between 1950 and 1952, the unit was unable to keep up completely with the stocktaking required by regulations.

Q. What steps were taken by the department, that you know of, to make sure that No. 4 company Montreal was attempting at least to keep

up with its stocktaking program in view of the earlier reports you had had from the chief auditor?—A. As I pointed out, the command reported in 1950 that stocktaking had been completed. That is the position we wished to achieve as a result of the audit report, the earlier one in 1950.

Q. May I just point out to you that according to the chronological summary you prepared at the back here, the auditors' report—the registrar's report—the first one was received on the 3rd. of January, 1950, and it reports that the last official stocktaking was in 1947, three years prior, and according to that same summary you say that the reply from command was received on the 30th of January, 1950, which was that stocktaking was now complete, three years' stocktaking had been done in less than a month. Do you know if any steps were taken by the department to check the accuracy of that situation and also to check between 1950 and 1952 whether that unit was in fact carrying out an adequate and competent stocktaking?—A. The steps taken by the department in order to check these situations are the inspections that are carried out. When an audit is made and the command reports as to the action taken, if that action is satisfactory we do not immediately send our auditors in to check the veracity of their statement.

Mr. DICKEY: Mr. Chairman, I would like to—

Mr. FULTON: I wish to complete that.

The CHAIRMAN: Let him complete it.

By Mr. Fulton:

Q. I want to be clear that from what Mr. Armstrong has told me the situation is that there was no action taken by the department between the 1950 auditors' report and the 1952 auditors' report with respect to checking on the stocktaking in this company and that it was not until the subsequent auditors' report of 1952 that you again discovered they were in arrears with their stocktaking?—A. That perhaps is not strictly right. I will have to check it. I assume as in the case of the Halifax company that there were probably ordnance inspection reports during this period. These are carried out by the ordnance service inspection teams. I do not know whether they were, but I will have it looked up.

Q. If you will, please; what you do between these periods to make sure that the thing is kept up to date.

By Mr. Dickey:

Q. I would like to clear up an inference which I thought was in Mr. Fulton's statement. That was, in referring to No. 4 Montreal, 1950, he said the last official stocktaking was in 1947, according to the auditors' observations, and he consulted the summary of chronology on the last page of the exhibit and selected a period January, 1950, as the date of the audit report and reply from command on the 30th of January, 1950, and made the inference that the entire stocktaking had been done in that company between the date the 3rd of January, 1950, and the 30th of January, 1950. Is that a correct inference to be taken from that?—A. No, I would not think that is a current inference. The unit would have been endeavouring to count their stock during this period, but I have not got the detail here as to what period it extended over.

Mr. FULTON: Well—

The CHAIRMAN: Just a minute.

Mr. DICKEY: Is it correct that the auditors would have visited this company some months prior to the date of the actual audit report?

Mr. FULTON: How many months?

The WITNESS: I will get the exact period.

By Mr. Dickey:

Q. And is it not correct that the auditor would have brought this matter to the attention of the officers of the company and that corrective action could and probably would have been started immediately at that time?—A. That is right. The corrective action actually, I assume, was probably going on during the period of the audit. The audit report simply reported there had not been a completed stocktaking. The period during which this audit inspection was carried out I will have to get for you. It would not be some months before, it would perhaps have been within a month previous to the audit report.

Mr. PEARKES: Mr. Chairman, regarding No. 5—

The CHAIRMAN: No. 5 what?

By Mr. Pearkes:

Q. No. 5 on page 21, Quebec; I think some further explanation is required of the statement there because it says that the stocktaking was done in 1949 but the records were not accepted by the audit board. Then it would appear that the quartermaster general laid down a schedule for twelve months with monthly stocktaking of groups or sections starting September. Was that done? Then there seems to be a complaint made by somebody that complete stocktaking could not be taken unless the unit had to shut down for a whole month because of shortage of staff. Is that shortage of staff referred to military personnel on the strength of the unit, or is it civilian personnel who were carrying out work? Had any application been made to bring the unit up to strength if it was not up to strength or had additional personnel been asked for? If so, what was the result?—A. There would be both military and civilian personnel in the stores. The detail of the establishment I will have to get for you. I have not got it here.

Q. And will you also obtain information as to whether requests were made for the additional personnel either to bring the unit up to strength or increase the establishment of the unit in order that it might carry out its proper duties?—A. I understand requests were made, but in order to answer this question completely I think I should get the actual details.

Q. There is one question Mr. Dickey asked. The audit report in 1950—the one that is dated the 3rd of January, 1950, Montreal. It was completed on December 3, 1949.

By Mr. Dickey:

Q. So that the visits to the unit would have been prior to the 3rd of December, 1949?—A. That is right.

Mr. FULTON: What is that again?

The WITNESS: That was completed December 3, 1949.

Mr. WRIGHT: No. 11 Victoria, page 22: "A large number of discrepancies indicates a need for complete stocktaking, which has not been done since the war period." Could you give us the nature of the discrepancies in this case?

The CHAIRMAN: Can you get that for us, Mr. Armstrong?

The WITNESS: I don't know whether we can get it or not.

The CHAIRMAN: See if you can. We are on the bottom of page—

Mr. PEARKES: Is the December referred to, December 1950 or December of this last year? Where Mr. Wright was asking a question—is that December 1950 or December 1952?

The WITNESS: This was December 1950.

The CHAIRMAN: Item No. 10: "Adjustment of discrepancies without reference to higher authority." There are only three of them, I see. Item No. 11:

"Requisitions and/or work orders not signed as approved." There are five or six of them. They do not seem serious.

Mr. MACDONNELL: What page are you on?

The CHAIRMAN: Page 24. Page 25, now.

By Mr. Wright:

Q. Halifax, No. 6: "Five work orders showed no approval by works officer." What does that consist of?—A. The work orders form details the estimated labour and material for a job. The authority to do the work is on a form that we described earlier, the approval for project. The work order is the detailed description of the work to be done and is used by the military foreman of works to draw stores and so on, and on the back of it he records the actual labour and material used.

Q. Can you give us what these five work orders were for? Some idea of the amount involved in them?—A. I will have it looked up and see if we have it here. I have not got that detail.

The CHAIRMAN: He will get it for you. You can get it, can you not?

The WITNESS: I expect so.

The CHAIRMAN: No. 12: "Requisitions and work orders not completed in detail as to estimated and/or actual costs." There may be something here.

Mr. HERRIDGE: No. 5 Quebec 1950, top of page 26. There is this comment: "In no case examined were any materials returned or salvaged from a project." You will remember the witness telling the committee the other day that a works officer or works foreman could declare non-serviceable material in any value or any quantity. Could the witness give the committee a list of quantities and values of materials declared non-serviceable during the period of this report?

The CHAIRMAN: What period? Appendix B?

Mr. HERRIDGE: Yes, by the army works services.

The CHAIRMAN: Can you narrow it down a bit, Mr. Herridge? This is quite a task you are asking to be undertaken. Would anything less than that serve your purpose?

Mr. HERRIDGE: Well, could the auditor's department check first just what is involved?

The WITNESS: All these records are kept in command. It would be necessary to go back and check the records over a period of three years.

The CHAIRMAN: Let the matter stand, will you, to see what it involves?

By Mr. Harkness:

Q. I had a note on this same item. "In no case examined were any materials returned or salvaged from a project." What happened to these materials?—A. Well, this is a comment that there weren't any such materials returned. It may be that the estimating was so good that there weren't any left over.

Q. I think the whole sense of this observation is that there were some left over.

Mr. DICKEY: Read the next sentence. I think the explanation is there.

By Mr. Harkness:

Q. "Jobs shown as completed without expending materials indicates existing surpluses are being used improperly. This defeats the system and renders cost figures inaccurate."—A. What it means is this that the work order was made out and materials issued for the job, and in these cases it turned out that in every instance the materials issued were all used. What in fact one

would expect to happen was that there would be some inaccuracies in the estimating to start with and materials would be left over. These people were apparently using the surpluses on some other jobs. Consequently the record on these jobs might be inaccurate but the auditor did not say there were in fact surpluses, but merely stated that according to the record there appeared to be no surpluses, which is an unusual situation.

Q. You do not know what happened to these things? They might have been concealed.

The CHAIRMAN: Mr. Harkness, anything might have happened to them, but if there was any such suggestion the auditor would have made it.

Mr. HARKNESS: He did suggest it. He indicates that surpluses were being used improperly.

The CHAIRMAN: Certainly that is not the inference—used on other jobs—that is what Mr. Armstrong said.

Mr. HARKNESS: I think this statement leaves the whole thing open. These surpluses might have been concealed, they might have been lost, they might have been stolen, anything might have happened, and my question was did the witness know what happened. Apparently he does not know.

The WITNESS: Obviously I would not know. What the auditor is saying here is that by reason of having done this in this way the record of costs on individual jobs was probably inaccurate. In other words if instead of taking the materials that are left over—if there are any left over—back to the stores and having them charged in the stores and re-issued they are taken from that job and put into another job then the record of course is likely to be somewhat inaccurate.

By Mr. Harkness:

Q. Was any investigation made to your knowledge as to what happened to these materials?—A. Well, as I say, this does not say there are material losses. All it says is there was no indication from the records that materials were left over. That is essentially what it is saying.

Q. The point is, in practically all jobs materials are left over, so therefore the inference is that certain materials disappeared?—A. No, it is not at all. The inference is not that materials disappeared but that they were used on other jobs.

Mr. MACDONNELL: It says used improperly.

The WITNESS: That is an improper use of any materials issued to a job and recorded as such.

By Mr. Harkness:

Q. Returning to my question. Have you any information as to whether an investigation was made as to what happened to these materials?—A. Well I know of no specific investigation of this particular company, if that is what you have in mind.

Mr. FLEMING: The witness keeps referring to "it" and he is obviously referring to Exhibit 1. I want to get back to the document upon which these very terse observations were based. We are in the realm of speculation. Let us know what the auditor did say. I asked for the auditor's complete comment, not for the irregularity attached to the failure to account for these stores.

The WITNESS: Sir, if I might speak to that, I said earlier that these comments had been examined by the auditor and he regards them as an accurate statement of the substance of his report.

Mr. FLEMING: Let us draw attention to what we are dealing with. There is the auditor's report based on investigation, then somebody prepares a digest of the auditor's report. It may well be that the auditor thinks that it is not an unreasonable digest having regard to the limitation of time and space, and then this witness undertakes to re-interpret that digest or interpretation and when asked questions about it he introduces what appears to be his own interpretation or theories in regards to them. Surely, that is not a way for a committee of adults to proceed. Surely the sensible thing is to get back to the original document and see what the man said on his investigation. I suggest we get the auditor's report and see precisely what was said.

Mr. JUTRAS: The point is the definition of the words "used improperly". I submit the interpretation put on these words by the witness is no different from the interpretation put on the same words used throughout this report. We had the same thing on Wallis house whenever they used the money from the maintenance fund instead of the other fund, although it was properly used in the sense the results obtained were good results and the results obtained were the results contemplated in the first place, though, the term "improperly used" was the term used in that case. It is the same thing here.

Mr. FLEMING: Well here we have the Mr. Jutras' interpretation of Mr. Armstrong's interpretation of Mr. Lawson's interpretation. Let us be sensible and get the original document.

The CHAIRMAN: I am not limiting the interpretation as long as you keep it to yourself. Let us get on. We have dealt with the matter. Are there any questions on 25?

Mr. FLEMING: Are we going to have the auditor's reports?

The CHAIRMAN: We decided that question. We are having excerpts from the auditor's observation before us.

Mr. FULTON: Let us have the auditor called.

The CHAIRMAN: We will deal with that at the proper time.

Mr. FULTON: Let us hear from him right now.

Mr. FLEMING: It is no part of the report of the steering committee that questions be confined to Mr. Armstrong. You have said this morning and other liberal members have said "stick to the item before us". Now we are on this item, and we cannot get the information. There is a witness behind Mr. Armstrong who can give us the facts.

The CHAIRMAN: The witness can give you the information.

Mr. FLEMING: How do you know.

The CHAIRMAN: We started out by saying that we would have the excerpts from the auditor's report, and not the complete auditor's report. That was our first decision.

Mr. FULTON: Let the auditor come to the table now and answer the questions orally and let us get to the essential thing—the auditor's report.

The CHAIRMAN: If you want the auditor we will be glad to call him when Mr. Armstrong is finished.

Mr. FULTON: We are on this item now.

The CHAIRMAN: Mr. Armstrong can deal with it.

Mr. FLEMING: You told us we were on the item—let us stick to the item.

The CHAIRMAN: We will be glad to call the auditor as soon as we are finished with Mr. Armstrong.

Mr. FLEMING: Are we going on with Mr. Armstrong right through?

Mr. FULTON: This is a crazy system.

Mr. BENIDICKSON: It is not a crazy system. It is exactly the practice we have been following in connection with other matters and when the witness was going to speak about the other matter of sanctions and the like, and we decided that when we have disposed of this witness we will call some regular officer in the department to come to us and tell us about the things Mr. Armstrong said were beyond his knowledge. The decision of the chair is exactly the same in this case. If there is something beyond the knowledge of this witness and if the Chairman is requested he will consider the merits of the case and call a witness that will bring that other data.

Mr. MACDONNELL: Are we not considering the subject matter of this Exhibit. Surely it does not make sense—and I hope you will not rule it that way—to say that we are going to stick to one witness. The witness is incidental. It is the subject matter which is important. Surely if you had to use half a dozen witnesses to get us the information on this item it would be the sensible thing to do to call them. It is the information that is important.

The CHAIRMAN: If it is the desire of the committee to call the auditor I will certainly do so. The auditor will appear before the committee as soon as we have finished with this witness. This witness in my opinion is competent to deal with this matter, and if you find he does not satisfy your idea of competence then we will be very glad to—

Mr. FLEMING: I do not want the question of the competence of the witness to come up at all. He is like the rest of us. He does not know everything.

Mr. BENIDICKSON: We are just being consistent.

Mr. DICKEY: Obviously we cannot make him come back all the time.

Mr. FULTON: That seems so inefficient.

Mr. PEARKES: If the auditor is called does that mean we can question the auditor on each one of these irregularities and we have got to go through the whole of this performance again?

The CHAIRMAN: I will not limit you, if there are any of these irregularities on which you have not had sufficient information from Mr. Armstrong you might ask the auditor.

Mr. APPLEWHAITE: Mr. Chairman, there is a question of fact. May I say a word on this. There was a question asked which, with due respect, I think was entirely legitimate. It has been the practice, I think, where the witness did not have the information with him, to get it. A question was asked I think on what happened to these materials. If there were any over, and what happened, and with reference to that I would respectfully suggest that if this witness has not got the information he should get it and that is really what we want to know, if there were extra materials what happened to them.

The CHAIRMAN: If anyone wants the auditor called to augment answers they feel are incomplete I think we should have the auditor here and subject him to examination.

Mr. APPLEWHAITE: I am talking about a question of fact. Whether there were other materials and if so, what happened.

The CHAIRMAN: He might be able to throw some light on it as soon as we are finished with Mr. Armstrong.

Mr. FLEMING: I want to enter an emphatic protest against that way of handling the business of this committee. You know very well the practice of this committee is to have two or three officials from the department sitting here and if one cannot give the information we hear from another. You know that in the Public Accounts Committee when we reviewed certain matters relating to the Department of National Defence some time ago we had several witnesses

giving information. Otherwise we would have a waste of time and mere duplication of effort and the referring back to other meetings. You have the auditor here—he is right behind Mr. Armstrong—let us have him speak so that he can give the information Mr. Armstrong cannot give. We want the facts.

The CHAIRMAN: You will have the facts. If there is any information lacking on any of these items the Auditor will be called as soon as Mr. Armstrong is finished with his evidence.

Mr. FLEMING: The way in which this is being handled is fast becoming a farce.

The CHAIRMAN: And you are helping to make it a farce.

Mr. FLEMING: If you want to prevent information coming out you cannot go about it in a much more efficient manner than you are doing now.

The CHAIRMAN: The delay is coming from that end of the table. I am quite prepared to have the auditor come here and give you the information as soon as you are finished with the item before you—Appendix B.

Mr. FLEMING: The auditor is right here. Why not call him up and get the information now?

Mr. McILRAITH: You have repeated that about nine times.

Mr. FLEMING: Maybe by the tenth time it will sink in.

Mr. HUNTER: Call a psychiatrist. Mr. Fleming may be repressed for years after that.

Mr. FLEMING: Mr. Hunter would not know the difference because that is the chronic condition from which he suffers.

The CHAIRMAN: Page 26. Page 27 irregularity No. 12. Irregularity No. 13. Nothing on 13?

Mr. FULTON: On page 28, Kingston 1951, here is a case, Mr. Chairman, when we are clearly left completely in the dark by the very terse nature of the summary of the auditor's observation. Let me read in full: "Work orders are not reviewed after completion. Estimated costs are exceeded. Worst instance cited is works order No. 66. Estimate \$1,200 increased to \$1,362.66. Actual cost \$2,394.73." What is that all about?

The CHAIRMAN: Ask the witness.

Mr. FULTON: I have.

The WITNESS: This means that a work order having been issued for a job the work proceeded beyond the estimated cost set out in that work order without further examination and review of the cost. The item in question, the one that is referred to as the worst instance cited, refers to a replacement of a veranda on a house. The veranda had rotted out and was dangerous. The job started at \$1,200 and in fact it cost \$2,394.73.

Mr. FULTON: And what were some of the other instances?

The WITNESS: The other instances are not referred to in specific terms. I will have to go back to the other records to get the details.

Mr. APPLEWHAITE: Is it a fact that the worst instance involved an estimated \$1,032.73?

The WITNESS: That is right. That was quoted as the worst instance.

Mr. FULTON: It certainly was not. Surely Mr. Applewhaite's arithmetic is better than that. It is \$1,194.73.

Mr. APPLEWHAITE: Let us settle the question of arithmetic. It was \$1,362.66 and the original estimate was \$1,200—

The CHAIRMAN: It said here an increase—that is higher than \$1,200.

Mr. FULTON: What was done in that case with respect to making certain that the instance was not repeated?

The WITNESS: The explanation given in this case—as you will note from the exhibit—is that the works company found it impossible to carry out that volume of work and comply fully with the procedure of having the work orders specifically reviewed in every case. However, according to the explanation given it would in fact carry out site inspections on the performance of the job done. In other words they regarded it in these circumstances as more important to check on the performance than to assume that the actual accounting record was adequately completed.

Mr. FULTON: Is that another case of where the end justified the means?

The CHAIRMAN: That is not what he said. He is giving an explanation. That is a conclusion. It is not a question.

Mr. FULTON: It is a question.

The CHAIRMAN: No.

Mr. FLEMING: It was a question.

Mr. McILRAITH: It is not a question; it is a nasty comment.

Mr. FLEMING: It is a question by any English standard.

The CHAIRMAN: Mr. Fulton is talking for the record.

Mr. FULTON: No. I have another question along the same lines. This goes back to the case of Wallis House. I want to know if this was another case where the end justifies the means?

Mr. DICKEY: Mr. Chairman, on a point of order.

Mr. FULTON: I want to know what was the house on which this work was done.

The WITNESS: This was done on a house known as Barriefield House.

By Mr. Fulton:

Q. What was that house used for?—A. This is the married quarters for the commandant of the staff college.

Q. What was the cost of the house? Have you any idea what the cost was or what the present value is? If you haven't got the cost have you the present value?—A. This house was purchased before 1900. I haven't got the original cost here. I can obtain it.

Mr. McILRAITH: Probably it was there before the first Prime Minister of Canada.

By Mr. Fulton:

Q. This work that cost eventually \$2,394.73, was that confined to the verandah?—A. This involved putting a new verandah on it, including concrete posts and it also provided for screens, storm windows and repairing the side-walk from the verandah to the street.

Q. Was that all included in the original estimate of \$1,200, subsequently increased to \$1,362?—A. That is right. The scope of work was included in the original work order. The estimate of the cost was inaccurate.

Q. Who authorized the work, Mr. Armstrong?—A. It was authorized by the area engineer.

Q. And who made the estimate?—A. I have not got the specific person who made it. It would be one of the foremen of works. Do you want to know specifically who made it?

Mr. PEARKES: Mr. Chairman, this is of particular interest to me because I lived in that house for four years and it never had a thousand dollars spent on it during the whole of that period.

Mr. DICKEY: Jealousy will get you nowhere.

The CHAIRMAN: The last time I saw it, it needed more than a thousand dollars spent on it.

Mr. PEARKES: I thought so.

The CHAIRMAN: Page 29.

By Mr. Wright:

Q. It states: "Of 196 work orders examined, 38 per cent exceeded estimated costs. In the immediate Fredericton area, 58 per cent exceeded estimated costs." Has any change been made to try and get a better estimate on these works?—A. You will recall, Mr. Currie emphasized in his report the need for certain key civilian employees. And I think I noted when I first spoke to this committee that three of those positions had been included in the establishments which had been worked out by the army works services and one additional one, that is the estimator, was recommended by Mr. Currie. All four are now in those establishments. The Civil Service Commission are endeavouring to recruit these people and have had reasonable success with the exception of estimators. Estimators are a group of people who apparently are almost non-existent and it is extremely difficult to recruit men who have the qualifications to perform this type of work. Until such time as we can obtain qualified men for this job, the army works services engineers have to carry that load.

Q. It states here that where the work carried out is to be more than 10 per cent of the original estimate that a new work order has to be issued. Is that correct?—A. That is the regulation.

Q. Is it carried out in all cases?—A. Obviously it was not during this period. These comments say that it was not carried out. The regulations require work orders to be re-authorized if the costs exceed 10 per cent. That I believe is being done now.

The CHAIRMAN: Page 30.

By Mr. Pearkes:

Q. The observations bring out the fact that there was a shortage of personnel and that shortage of personnel has been brought out in many other observations and obviously one of the main reasons why there had been these various irregularities—my question is, were the shortages in military personnel where the establishments are short or where the establishment is not filled or requests had been made previously for additional personnel—are they military or civilian, what were the reasons if such request had been made for those demands not being complied with, because it seems to me that the shortage of personnel is one of the key things running through the whole of this exhibit.

Mr. DICKEY: Hear, hear.

By Mr. Pearkes:

Q. Were these unit commanders appealing all the time for extra personnel and were their appeals not being heard? I have known of units crying out for personnel which were absolutely essential and for some reason they are not always supplied.—A. Might I answer that in a general way? There were appeals made by the command for additional staff, both military and civilian, but principally civilian staff. And the difficulty during this period was not perhaps so much attributable to refusal to allow the staff. The establishments have been revised and certain key persons added. The establishments were not entirely inadequate, but the real problem was to recruit people for the jobs and it still is a problem today. There are many reasons for that. Mr. Chairman, employment conditions as you know were very good throughout

the country. The construction industry in particular was very heavily loaded during this period. The appeal of the army works services perhaps was less than the appeal of other civilian employment. These men have to work in army camps. Working conditions in those areas, in isolated camps are perhaps not the best in the world, especially in this early period when construction was proceeding to get adequate personnel accommodation and quarters for families and so on. So that, in spite of continuing efforts on the part of the department and the civil service commission to get these additional people, it just proved to be impossible to get them in the numbers that were required.

Q. What would that have to do with the civil service commission? Do you have to apply to the civil service commission for these civilian personnel?

—A. That is right. The civil service commission recruits the civilian staff for the public service.

Q. Could we have in connection with these two instances, Ottawa and Halifax—they are certainly not isolated areas—a statement as to when the requests were made to the civil service commission for additional personnel, what additional personnel were asked for, and what was the reply of the civil service commission to those requests during the years 1951 and 1952 in respect to these two specific items? Can we get that?—A. Yes, I can get that. And I might explain the normal procedure in filling establishments. Once the establishment is authorized, then a request is made to the civil service commission on a form which is called No. 201. It states the duties of the position and asks them to recruit an individual for that position. That is the request to fill the appointment.

Now, to meet this problem of getting the various positions filled, it was done mainly in a general sense rather than specific cases with the civil service commission asking them to give as much priority as they could to getting the positions in the Department of National Defence filled. At one stage, I think it was in 1950, there was a review of the persons employed in other departments of the government who might have the qualifications that were desired in the construction end of the defence department, but I think it did not prove to be a very fruitful source of staff; and during this period the civil service commission have said, on more than one occasion, that while they were putting every effort into getting these people, they just in some cases were not available.

By Mr. Fulton:

Q. May I go back one step behind that? What about the requests for increases in the establishment on the civilian side? Did they also go before the civil service commission or before the Treasury Board, or where?—A. A request for an increase in the establishment on the civil side is examined by the investigators of the civil service commission. The investigators make a report on it to the civil service commission and they make recommendations respecting it. The actual approval of the establishment, the final authorization of the establishment, rests with the Treasury Board. They finally approve it.

Q. Could you include that phase of it as well in the survey which you are going to make for General Pearkes, the requests for increases in the establishment, and then on the military side, the reports used by the civil service commission, the reports received from the investigators? And on the military side, the requests for an increase in the establishment would go to the establishment committee within the service, would they not?—A. That is right.

Q. Or within the department?—A. In the department itself. Any proposed increase in the establishments is reviewed by a body called the War Establishments Committee.

MR. MACDONNELL: In the case of an increase of a civil establishment, there would be a review within the Department of National Defence?

The WITNESS: The Department of National Defence would originate the requests for additional staff.

The CHAIRMAN: Page 30.

Mr. PEARKES: May I ask whether the Chilliwack irregularity is the Royal Canadian Engineers School?

The CHAIRMAN: Is that page 11, Chilliwack, 1952?

By Mr. Pearkes:

Q. Yes. Is that connected with the school?—A. That is the works detachment at Chilliwack which does the works services in the interior of British Columbia and also does the works services for the school at Chilliwack.

Q. Were these occasions which are referred to in this observation at the school?—A. I shall have to find that out.

Q. It says:

“Administration building was a case of splitting an authorization—”

Is that the administration building at the school?—A. I think it is, but I had better be sure about that.

Mr. BENIDICKSON: What was the largest excess?

The CHAIRMAN: Just one minute, please, until he gets the first question answered.

The WITNESS: This was the administration building for the school.

Mr. PEARKES: I hope that now they have got the building they will be able to lecture on the evils.

The CHAIRMAN: Was there a question?

Mr. BENIDICKSON: There was no amount referred to, and I was wondering what was the largest excess? Is there any indication of it?

The WITNESS: There is no indication of that, no sir.

The CHAIRMAN: Page 31.

By Mr. Wright:

Q. On page 31 it states:

No. 12 Regina 1952. There is little or no control over work orders, and over issues of stores against them. Descriptions (e.g. ‘gen maintenance’ & ‘routine maint’) are inaccurate, and costs exceed estimates. Three types of heater were treated as expendable when written off to a work order. Numerous work orders are cited showing gross excess of expenditures over estimates, e.g. W/O No. 1 d/ Apr tl, approves \$150.00 labour & materials; over \$11,500.00 worth of stores were issued against this order.

How could that take place, with a works order of \$150, and an issue of \$11,500 worth of stores on the basis of that order?—A. In this case there was an authorization and you will recall that we discussed earlier the approval for the project of \$10,000 to renovate, or to do renovation work on that building. The works order against this, in order to get ahead with this work, was originally issued in the amount of \$150, and in fact as the job proceeded to completion the costs went up to \$11,500, a little more than the original authorization, without getting that work order revised. Now this again is one of those cases where in renovating a building it is difficult to determine in advance precisely what is needed; so they simply completed their work order as they proceeded. It was an irregular procedure, but that is what happened.

Q. What was the building involved?—A. There were five buildings in the exhibition grounds there. I am not sure what they were used for. These were manning centers; they were used as manning centers at that time.

Mr. FLEMING: Who owns the buildings?

The WITNESS: The Department of National Defence.

Mr. FULTON: Mr. Armstrong, this may seem like an obvious question, but can you visualize a situation where according to this observation \$150 is approved on a works order, yet \$11,500 of stores were issued against that order?

The CHAIRMAN: He has just finished answering that question. He said there was an authorization for \$10,000.

Mr. MACDONNELL: How does that square it?

Mr. FULTON: There was a \$150 works order for materials issued and signed for in connection with that project, which was a \$10,000 project. There was one works order signed for \$150 for materials, yet, \$11,500 worth of materials went out on the one works order. How could that happen? Was it a case of misunderstanding or a case of not looking back to the original works order, or what?

The WITNESS: Well, it is rather difficult to imagine that it is a case of misunderstanding. I think it is a case of simply going ahead and overlooking the appropriate procedure.

Mr. CAVERS: Who is the officer responsible for this?

The WITNESS: The works officer at that time was the area engineer officer.

By Mr. Fulton:

Q. What was the total cost of this project? There was \$11,500 worth of stores, and there must have been a certain amount of labour and perhaps outside materials which went into it; have you the total cost of this project?—A. The total cost of the project? This is all the information that is available, namely, that \$11,500 worth of stores were issued against the order; over \$11,500 worth of stores.

Q. Would you find out for us the total cost of the project and let us know at the next meeting?—A. I think this will be a case where we will not be able to determine the final cost of the project, the job having been done in this way. You will recall, as I explained in connection with the house at Regina, that it was necessary to reconstruct from the available records all the materials that had gone into the specific project, and that was done by the auditors; and this is a similar case where it was a case of reconstruction and I do not think I would be able to give a specific or accurate answer to your question because the records simply do not produce that information.

Q. Do you mean that of this \$11,500 worth of stores the records do not show whether they actually went into this project? All it says is that they were issued on the original works order of \$150; but it does not say where they went. I want to be accurate and fair on that.—A. Well, in this case of the \$11,500, the issue vouchers for the stores quote this works order: that is the total of the materials that are quoted against that works order. Whether there were any other materials in addition to that, I would not be sure.

The CHAIRMAN: His question was: did the material go into this building?

The WITNESS: Oh, yes.

By Mr. Fulton:

Q. Then at least it would be \$11,500 but are there no other records from which you could get the other materials going into that building, perhaps

materials which were purchased from civilian stores, and any labour that went into it?—A. This would include any materials purchased from civilian stores.

Q. I am sorry I do not quite understand why it would not be possible to find the eventual total cost of this project.—A. Well, I will have this gone into further to see if we can get any more precise estimate of the total cost.

Mr. FULTON: You are satisfied or did the auditor tell you he is satisfied from the records that on the \$11,500 there is \$11,500 worth of stores against work order No. 1 and that all that material went into this project.

The WITNESS: That is right.

Mr. THOMAS: What would the cost of labour be for that?

The WITNESS: I will have to get that when I am endeavouring to find the total cost.

The CHAIRMAN: Gentlemen, that brings us to item 14. We are nearly at the time of adjournment. I thought that we would make a little more progress than we did. Now there has been a request made for the auditor. He will be available as soon as Mr. Armstrong is finished, and there will be some matters on which you will want to question him on. In the light of that I think we had better have some further meetings. I intend to call a meeting for this afternoon from 4 o'clock until 6. That is for two reasons, while Mr. Armstrong's evidence is still fresh in your mind you can then question the auditor and, in order that we may make more progress than we have made. I hope that will meet with everybody's convenience.

Mr. FLEMING: I doubt if I can be here. I have to make a record for broadcasting.

The CHAIRMAN: All right—5 to 6—let us sit for an hour anyway. The meeting is adjourned until 5 o'clock.

Mr. HERRIDGE: Before you adjourn—I do not want to cause anyone unnecessary trouble—but I would just like a minute on my question which I asked previously. Could we get a list of material supplies or equipment declared non-serviceable for Halifax, Quebec, Petawawa, Shilo, Regina and Victoria. I want the quantity of material, the original cost, method of disposal and return to the Crown.

The CHAIRMAN: Now, Mr. Herridge, before we adjourn, do you mind discussing that question with Mr. Armstrong so you can appreciate what it involves.

AFTERNOON MEETING

Mr. E. B. Armstrong, Assistant Deputy Minister (Finance) Department of National Defence called:

The CHAIRMAN: Gentlemen!

Mr. FULTON: Mr. Chairman I am sorry, but I wonder if I could make a few small alterations in the record? I refer to the record of our proceedings which I just received this morning and which I did not have time to check before this morning's meeting.

The CHAIRMAN: What is the page?

Mr. FULTON: Page 224. The first paragraph should read:

Now we are also asked to make recommendations as to how economies may be effected and at the same time it seems to me that it may be a very relevant part of our inquiry . . .

It should read that way.

The CHAIRMAN: Yes.

Mr. FULTON: And in the middle of the next paragraph:

... where their responsibility was perhaps for property valued at \$5 million or more, I do not know how much—there were irregularities such as were drawn to our attention in the Currie Report and we cannot ask for reports.

The CHAIRMAN: Yes.

Mr. FULTON: And over on page 227 about one-third of the way down the page it should read:

Mr. Chairman, on your ruling I am afraid that if you are saying we must not ask. . .

down to the third line after January 31, 1949, it should be a comma and not a period.

The CHAIRMAN: Yes.

Mr. FULTON: And one other correction. In the middle of that paragraph: "If it should be found as I am under the impression would be the case that conditions shown in these reports were not. . ." Insert the word "not".

The CHAIRMAN: Well, I am happy to note that at least the reports are being read.

Mr. DICKEY: What I am worried about is that comma instead of a full stop.

Mr. FULTON: I think it is marvelous that the reporters get what we say as accurately as they do when sometimes two or three of us are speaking at the same time.

Mr. DICKEY: Any defects in quality are not those of the reporters.

The CHAIRMAN: Proceed, Mr. Armstrong.

The WITNESS: I have just one answer arising out of a question this morning. Mr. Fulton asked the cost of the Barriefield House. The department of National Defence purchased this house in 1910 at a cost of \$2,500 including three-quarters of an acre of ground.

Mr. HARKNESS: That was a bargain.

The WITNESS: The building is a two-storey stone structure containing approximately 4,000 square feet. The present assessed value of the building is \$10,000, and of the land, \$1,000.

Mr. MACDONNELL: They must be recovering from 1890.

Mr. HUNTER: They forgot to ask if you have a valuator's report at the bottom.

The CHAIRMAN: We are on page 30, item 14.

Mr. HARKNESS: I thought we were at page 31 when we closed, item No. 13, Edmonton which reads:

There are many instances of authorized costs being exceeded, no evidence of reference to higher authority. Form CAFC 520 No. 547 d/2 Apr 51 and corresponding Work Orders show Estimate \$1,000.00, Expended \$5,226.82. Two other C 520s produced were alleged to authorize an additional \$4,000.00 of this amount.

The CHAIRMAN: Yes.

By Mr. Harkness:

Q. May we have an explanation of that? It does not say that they did, but that they were alleged to authorize an additional \$4,000.—A. Following

investigation of this matter it was found that the C 520's, that is the authorizations for the project, included one for \$1,000 and another that was amended later by an addition of \$3,000, and again another one later for \$1,000 and finally one for \$800; so that the total authorization was \$5,800, and the actual expenditure on the project was \$5,226.82.

The CHAIRMAN: Hurrah!

Mr. HARKNESS: That is the first time! Why does it say that these were alleged to be authorized? Did they actually authorize them or did they only purport to authorize them?

The WITNESS: These actually authorized the work but there was not a proper documentation to relate them back to the original work and tie them in with it, and that is what gave rise to this comment of the auditor.

Mr. DICKEY: Is it correct to say that the proper procedure is to relate the amount of the original order by the issue of an additional order which refers directly to that order, and that this was not done in this particular case?

The WITNESS: That is right, yes.

Mr. DICKEY: And you use the word "alleged" to mean that the explanation was that these additional orders really refer to the same work order, for the same project, but it had not been properly indicated on the form?

The WITNESS: That is right.

The CHAIRMAN: Page 32 No. 14: No. 15 on page 33?

Mr. FULTON: Just a moment, please. With respect to No. 3 Kingston, on page 32, at the end of the report it says: "Three cartons are still missing and not yet accounted for..."

What was the date of that comment? And is that the situation at the present time?

The WITNESS: That is the situation at the present time; there are three cartons which it has not been possible to account for.

Mr. DICKEY: Perhaps it would be more correct to say that that was the situation when reported upon by command headquarters and that it is still the situation.

The WITNESS: That was the situation when reported upon by command headquarters and it still is the situation.

The CHAIRMAN: Let us get on to page 33 No. 15? Now, page 34?

Mr. HERRIDGE: I have just one question based on No. 3 on page 34, Ottawa, 1952 (Exhibit 1) where it says: "Real property records are far from complete, and not up to date."

Is it the practice with the Department of National Defence to have a record at headquarters of all titles to properties and blueprints covering any buildings thereon?

The WITNESS: The system calls for that, and that is what these real property records are; but many of these records are incomplete and have not been kept up-to-date over the years in which the Department of National Defence has been operating. It involves a great deal of work to bring them all into first class shape; but that is part of the system.

Mr. BENEDICKSON: Has the No. 3 Ottawa unit got a real property clerk now?

The WITNESS: It has a real property clerk now.

Mr. FULTON: Where is the swimming pool located which is referred to in No. 12 Regina?

The CHAIRMAN: Where is that?

Mr. FULTON: On page 33.

The WITNESS: That swimming pool is at Dundurn Camp.

By Mr. Fulton:

Q. Is that camp being occupied now?—A. Dundurn Camp is used in the summer time.

Q. For reserves?—A. It is a training camp for active force units too.

The CHAIRMAN: We are at page 34.

Mr. PEARKES: No. 11 Victoria, 1951.

The CHAIRMAN: On what page?

Mr. PEARKES: On page 35. Were those buildings all at the same camp?

The WITNESS: Yes, sir. This is the same case which we discussed at some length. It was reported under another heading; it is the same situation reported twice.

The CHAIRMAN: On page 34, irregularity No. 16, there are three pages. I think there are about nine items. Now, No. 17.

Mr. DICKEY: Would it be your general experience that there is a tendency perhaps not to keep up the paper work on real property as strictly as you would, let us say, in connection with expendable stores and movables, generally?

The WITNESS: Well, sir, if it were a matter of choice, and there was insufficient staff to do both, the keeping of the real property records up to date would be given second priority.

Mr. DICKEY: Yes, that would be a pretty general tendency where the situation was that something had to be put off until later.

The WITNESS: That is right, sir.

The CHAIRMAN: No. 17 on page 37 deals with records, and No. 18, records not up to date.

Mr. FULTON: You are going a little too fast.

The CHAIRMAN: All right. I shall not go any faster than you wish. I was trying to see if there was anything here particularly of interest.

Mr. BENEDICKSON: On No. 5, Quebec, page 37. In 1950 the auditor's observation was that monthly or quarterly returns are not made to army headquarters. Had army headquarters not been complaining?

The WITNESS: Well, they had been advised, as you know, from command that these reports need not be made at that time. These cost records are a record of expenditures in relation to the buildings, the roads, and all the other A.W.S. assets in the various camps, and provide financial data which is useful for estimate purposes. During the period when the system was being introduced and later when there was considerable staff shortage, the units were not making reports of this nature because the records and the maintenance of them and the keeping of them up to date was deferred temporarily.

Mr. FULTON: Might I ask in connection with No. 1 London, on page 37, the first item, the auditor's observations are: "April, May and June reports have been submitted to higher authority, the June report being submitted on 24 July."

The chronological table shows that they occurred back in 1951 and I was wondering if Mr. Armstrong had any information or reports subsequent to that time indicating that general ledger records are now being maintained up to date for that company?

The WITNESS: I do not know personally of a report, but I understand there are these reports; in fact, this particular company has been examined by the

new inspection team that has been set up by the army works services and these are now up to date.

Mr. FULTON: Where it says "general ledger records are maintained but no balance was achieved to date of audit", would that be automatically cured, or does the fact of submitting the reports referred to mean that a balance was achieved before those reports were submitted?

The WITNESS: That is true. When the report is submitted, it means that the balance has been achieved.

Mr. WRIGHT: With regard to No. 3 Petawawa 1951, on page 39.

By Mr. Macdonnell:

Q. Are there to be no questions on page 38? The report there would seem to raise an interesting and perhaps important question between the Civil Service Commission and the department. As I understand it there, you have a clerk, grade 1. The report is that it requires a clerk, grade 3, but actually what has happened is that there has been an upgrading to grade 2A. Does that mean that there is still a difference of view between the Civil Service Commission and the Department of National Defence? At the present time it does not seem very satisfactory, because the report says that it is impossible to get the job done, and there is a reference to four incompetents in 1½ years. —A. Well, sir, in my experience I would say there is always some conflict between two views where you have an outside group inspecting and examining, investigating the classification of the position, and the departmental group. They do not always agree and the result may be some sort of a compromise. The classifications authorized are obviously not always the classifications that the department think are desirable but I think you should bear in mind that the Civil Service Commission have their job to do. They are set up to examine the establishments of the various governmental departments and it is important to them, and in the general interest of the public service, that a degree of uniformity exist, and sometimes that results perhaps more often than any other place in a department such as National Defence, where the work may sometimes be regarded by other people as being of a temporary nature, where the conditions of employment are perhaps less attractive than the normal civil service job, in a scale that puts the department at somewhat of a disadvantage.

Q. Do you from time to time see the Civil Service Commission comments? Are they always available? —A. Wherever the Civil Service Commission make a survey, they normally make their comments available to the department. In fact, at the present time the Civil Service Commission has, I think, fourteen men who work on the Department of National Defence business all the time. They sit in at the war establishments committee and there is a very close working relationship between the Civil Service Commission investigators and the departmental people who are responsible in these fields.

By Mr. Herridge:

Q. Mr. Chairman, in connection with this same item. This reports difficulty in getting personnel to do this job as required. It reads, "A clerk, grade 1, was authorized, but the job requires a clerk, grade 3. With four incompetents in 1½ years, it was impossible to get the job done properly. A recent authority has been received to upgrade this job to 2A." I was wondering, because it seems all through this report that a lot of trouble has been definitely insufficient properly trained staff. Has the department advised the educational authorities or business colleges of the demand for this type of personnel, and has the department ever given consideration to the training of younger people to do this accounting work that is required in the Department of National Defence? —A. The recruiting of personnel is essentially a job for the Civil Service Com-

mission, and they are in very close contact with the universities and other educational institutions throughout the country all the time. As far as training people is concerned, the department, of course, does endeavour to train people in these jobs. I think one has to bear in mind, in considering this, that there was a very substantial expansion of the work that the works services had to undertake, and in those circumstances there would almost certainly be some deficiency in trained staff.

Q. Would you say that situation is improving?—A. It is improving, but there is still considerable difficulty in that field. A considerable proportion of the key positions, the key civilian positions in the army works services establishment, are still unfilled.

The CHAIRMAN: What is a grade 1 clerk?

Mr. McILRAITH: The most junior position there is.

The CHAIRMAN: Would it be a stenographer?

The WITNESS: This would be a clerk, grade 1.

Mr. HERRIDGE: At what salary?

Mr. McILRAITH: It is quite a bit less than a labourer.

The WITNESS: I understand it is about \$1,400.

Mr. PEARKES: He is really a messenger?

The WITNESS: This is a junior position in the civil service. It is a starting grade.

Mr. PEARKES: And I assume these incompetents are civilians and not military personnel?

The WITNESS: Civilians.

The CHAIRMAN: There is no such a thing as incompetent military personnel!

Mr. DICKEY: Is that the present salary grade?

Mr. McILRAITH: That is the salary grade since the increase.

The WITNESS: It would be slightly lower than that at that time.

Mr. DICKEY: At the time of this report it would be much lower?

The CHAIRMAN: Not much lower!

Mr. McILRAITH: \$10 a month lower.

The CHAIRMAN: Don't tell me that is all due to this government!

Mr. WRIGHT: Were the logs cut in the Petawawa area—I am on No. 3 1951, Petawawa—were they cut by the army works services or under their supervision. This item is on page 39, at the top. I am using this item to ask this question.

The CHAIRMAN: That is a very weak vehicle.

The WITNESS: Would you ask your question again, please?

By Mr. Wright:

Q. Were the logs cut in the Petawawa military area cut under the supervision, or cut by the army works services in that camp?—A. Are you referring to the camp that has been referred to in Mr. Currie's report as Camp X?

Q. I am referring to Petawawa military area, the whole military camp at Petawawa.

The CHAIRMAN: He does not read the *Journal*, Mr. Wright. That is his trouble.

The WITNESS: I will have to get the answer.

By Mr. Wright:

Q. I want an answer to two or three questions.—A. They were cut by contract.

Q. Can you give us the cost of the cutting of those logs, and the cost of placing them in Percy lake in the Petawawa military area? I suppose they were cut under supervision of the army works services?—A. The work was done under the supervision of the army works services. I will have to get the information as to the cost.

The CHAIRMAN: He will bring in the answer. Read Mr. Campney's statement to the house, which will help you. I realize you have been too busy, though.

Anything else on page 39? Page 40?

Mr. MACDONNELL: On page 39, I wonder if Mr. Armstrong would like to comment on the report:

Exception is taken to the auditor's remarks as this was during the transition period from the new to the old accounting systems.

That is a rather unusual comment.

The WITNESS: Well, the auditor, as you will note, says there is a general lack of understanding in the whole unit regarding cost accounting and purpose of procedure. The unit merely says that this system is only being introduced and they felt perhaps the auditor has been a little rough on them in saying they do not understand it completely at this stage.

By Mr. Pearkes:

Q. Was that remark the remark of the unit commander, the command, or of the C.G.S., because it is very hard for us to tell whether they are the unit's remarks or the remarks of the Chief of the General Staff?—A. Well, this is certainly not the Chief of the General Staff speaking at this point. No. 4 Montreal 1950. At that stage—that was before August, 1950—these reports were being referred through the quartermaster general down through the engineer channels. This statement originally would come from the works company itself and be passed up through the command engineer to the quartermaster general and down through to the deputy minister.

Q. We take it that the deputy minister concurred in that remark?—A. The deputy minister might have been somewhat sympathetic to that remark at the time, but I do not know, frankly.

By Mr. Dickey:

Q. In connection with that remark, I would like to get clear in my own mind just exactly what you mean by that "before August, 1950", I think you said. Was there a change in procedure in connection with dealing with these auditor's reports at that time, and just what was the date and what was the change?—A. The change in procedure occurred after the National Defence Act was passed. These reports were thereafter transmitted from the deputy minister to the Chief of the General Staff. That became effective August 9, 1950.

Q. So prior to August 9, 1950, the auditor's reports were referred—A. The auditor's reports before that date were referred to the quartermaster general.

Q. By whom?—A. By the deputy minister.

Q. To the quartermaster general?—A. That is right.

Q. And they went from there through works services channels and through engineer channels down to the unit?—A. That is right.

Q. Now, after that date—A. After August 9, 1950 they were referred to the Chief of the General Staff. After January, 1952, they were referred from the Chief of the General Staff through the general officer commanding.

Q. That is what I wanted to get straight. From the first change, from August 9, 1950 to January 1, 1952, they were referred to the chief of the General Staff?—A. Yes.

Q. And from him through engineer channels down to the unit?—A. That is right.

Q. And then there was a further change in January, 1952, when they were referred to the Chief of the General Staff, but by whom, to command?—A. To the general officer commanding.

Q. And through command channels?—A. That is right, sir.

Q. I see. And there is no confusion about these changes? You say that after August, 1950, none of these auditor's reports were referred to the quartermaster general but were referred direct to the Chief of the General Staff?—A. After August 9, 1950, the deputy minister referred them all to the Chief of the General Staff.

Q. And not to the quartermaster general?—A. And not to the quartermaster general.

Q. And there is no possibility of mistake about that?—A. No, that is perfectly clear.

Q. Perfectly clear, and it is a definitely recognized procedure that has been going on for over two years?—A. That is right.

By Mr. Fulton:

Q. Will you look for a moment at No. 12 Regina 1952, at the bottom of page 39, where it says—the auditor's observations: "Cost accounting was set up in 1949/50 but never properly operated, and abandoned in December, 1950". Was cost accounting a part of the new system, the new system which was introduced, I think, in 1949?—A. That is right, the cost accounting was part of that system which was introduced at that time.

Q. Then you have the report by the command or army headquarters. I take it this was probably from the command: "It was abandoned due to lack of personnel, but started again 1 April, 1952." That surprises me, because that leaves a period of about 16 months, from December, 1950 to the 1st April, 1952, during which they were not doing any cost accounting.—A. As I explained earlier, these cost records establish a record of the cost, in relation to any building, that has been put into it for repairs or maintenance, and so on. The same thing is done for roads and utilities, and so on, giving you statistical financial data in relation to each of these items. Under the pressure of the work that the army works services had to undertake following the heavy increase in the construction program, these cost records were allowed to fall in arrears because they simply were incapable, with the staff they had available, of keeping them up, and they were less important than the records relating to stores and current operations that were taking place.

Q. You categorize that it was a less important feature of the system than some of the other features?—A. Yes, in this short-term period. I think they are quite valuable records to have and will prove to be very valuable as time goes on. All this kind of financial data is valuable.

Q. The reason why I ask is I wonder whether there is not some other way other than by inspection of the report by the chief auditor which would have come to the attention of someone down here that that feature of the system was not being followed. Was there not in any of the records or reports or returns made from the area coming in through various channels something which would have drawn it to the attention of the army headquarters?—A. Of the army works services?

Q. Yes, that this feature was not being carried out?—A. Yes, the army works services did get reports, and in fact when the system is operating as it should they get monthly reports, so they were aware that these records were not being maintained during this period and agreeable to it in the circumstances.

Q. They were agreeable to it under the circumstances?—A. Yes.

Q. Did the chief auditor's comment contain any reference to that fact? Did he agree or disagree with their point of view that it was all right to discontinue it during that period?—A. The chief auditor's comment I do not believe indicated that in his report. I did myself discuss this with him and he did agree with that point of view, but I do not think it was in the report. It was not actually said in the report.

Q. I just want to be clear on that. You say the chief auditor felt that it was not very serious matter under these circumstances?—A. That is right. He recommended that this was an aspect of the system that was introduced in 1949 that should be dropped in these particular circumstances.

Mr. DICKEY: I suppose in circumstances of this kind it would be used to indicate the necessity for additional staff in order to try to cure the situation? Would that be correct?

The WITNESS: That is right, but as I pointed out this morning, much of the difficulty in relation to staff was just getting people. In recruiting them.

The CHAIRMAN: Page 40, shortage of staff and 41 is "tradesmen and labourers doing accounting or stores work."

By Mr. Applewhaite:

Q. On 41 the last two items Chilliwick and Vancouver. They are small items but enough on which to hang my questions. Are these additional cases of shortage of permanent staff?—A. Yes, this is in fact a shortage of permanent staff. What this means is that a person employed as a labourer has been used as a storeman and a clerk. The chances are that the salaries paid as a labourer could have been higher than the salary authorized for the clerk.

Q. Is this military or civilian personnel?—A. These are civilian personnel.

Q. Was that shortage in the permanent staff due to a failure on the part of the department to provide it or a failure on the part of the Civil Service Commission to provide it?—A. Well the Civil Service Commission are responsible for recruiting. When you say failure to provide, one has to consider it in relation to the problems of getting staff at that time.

Mr. MCILRAITH: Inability

By Mr. Applewhaite:

Q. In these two instances is there any indication that this practice was used for wrongful purposes? I mean with the intention of putting more money into somebody's pockets than they were entitled to, or was it necessary in order to get certain necessary work done?—A. There was no indication in any of these cases that there was any intention of providing people with more money than they should have had through this process. It was done simply by the responsible commanding officers to get the work done.

By Mr. Fulton:

Q. In the last of these two—No. 11 Vancouver—surely it was a military vacancy you were trying to fill, because the comment says that a sergeant draughtsman was posted and there was no trained person to replace him except a civilian. So it would not be a vacancy which it was the duty of the Civil Service Commission to recruit for, but a vacancy on the military side of the establishment.—A. It is true it would not be the Civil Service Commission. The Civil Service Commission by the way recruit classified employees, not labourers.

The CHAIRMAN: Gentlemen, that brings you to page 42. We have still got tradesmen and labourers doing accounting or stores work. The army has not changed. Everybody in the army is in the wrong spot except the general, and everybody thinks the general is in the wrong spot.

The WITNESS: If a man finds that a job has got to be done and he has a labourer to do a clerical job he usually uses the labourer to do it. That is what they were doing.

The CHAIRMAN: If you have no further questions, we will excuse Mr. Armstrong and call the chief auditor.

By Mr. Applewhaite:

Q. I had four or five questions of a general nature to ask Mr. Armstrong before he left in connection with Appendix B as a whole. We know more about it perhaps than when we discussed it generally before. It is entitled "a classified summary of accounting irregularities found by the chief auditor." Would the witness correct me if I am wrong in assuming that the word "irregularity" means a contravention of regulations and not necessarily something involving the nature of a criminal offence?—A. It means a contravention of the regulations and in fact all of these are not even contraventions of the regulations.

Q. In the schedule there are 154 X's or examples. Is it right that as five of them were requests by some service for additional staff there are actually 149 irregularities which have been shown up?—A. That is right, and of course there are as you know some repetition so that there would not be 149. That would be something less than that.

Q. 149 or less. Assuming it is 149, that means, as you told me in pages 155 and 156 of our records, that there were 33 various detachments covered, and the period covered is a term of a little over two years. In that case what was actually found was a fraction over two irregularities per year in each detachment?—A. I said there were 33 detachments. I did not say all 33 detachments had been audited.

Q. What I want to know is how many of these detachments does Appendix B cover?—A. The actual detachments audited are 23.

Q. Are these 23 broken down? Do some include one or more locations? How many locations actually are covered by the whole of the appendix?—A. There are 19 different locations.

Q. There are actually 19 different locations covered by the whole Appendix B?—A. That is right.

Q. And on that average we have an average of 74 irregularities a year, so that your accounting irregularities averaged I suggest under 4 per company per year?—A. That is what the arithmetic adds up to.

By Mr. Fulton:

Q. The point surely is that one irregularity may have occurred in the same detachment three or four times as I think we have for instance in the case of No. 6 Halifax. In that case we had I think 38 per cent of the work orders had been over-expended so that one irregularity might embrace—Here is a case. I will read from page 29 "of the 196 work orders examined, 38 per cent exceeded estimated costs". Mr. Applewhaite's arithmetic does not apply.

The CHAIRMAN: I am not sure about his arithmetic.

Mr. MACDONNELL: He is a literary man.

Mr. APPLEWHAITE: Thanks for at least half of it.

The CHAIRMAN: Anything further. I have the chief auditor here, and I think Mr. Harkness has a few questions to start with.

Mr. J. A. Kidd, Chief Auditor, Department of National Defence, called:

By Mr. Harkness:

Q. The only question I asked anything about that the chief auditor might be able to answer was No. 5 on page 26 and I asked whether any investigation had ever been made as to what happened to these materials. What indeed did happen to them.—A. Mr. Chairman, in this particular instance, there was no indication in my report anywhere that there was anything crooked went on here. The indication was that these materials had been issued out to various jobs, and it was unusual that in every case the estimate would be so close that there would be no material returned. In one particular instance that I know of in this particular works company there was only labour shown on the estimate, and it was a job that required material, so obviously they got the material from some place other than the stores, because there was no issue voucher from the stores, therefore the only other place to get the material was from some job where they had not used all the material requisitioned. That was all the implication in that particular observation.

Q. As far as you know there never was any investigation made as to what happened to these materials?—A. No, because there was no indication that there was anything wrong happening to them. It was purely from our standpoint incomplete bookkeeping.

Mr. DICKEY: An accounting deficiency?

The WITNESS: Yes, that is all.

The CHAIRMAN: Mr. Applewhaite is not a mathematician and you are not an author.

Mr. DICKEY: I am an author but not an auditor.

By Mr. Herridge:

Q. I would like to ask a couple of questions. One witness mentioned advance notice being given to units when inventories were going to be taken. Are units advised when an audit is going to be made?—A. There is no one who knows when we are going to make an audit, not even the deputy minister. We make up our own itinerary, and arrive at a unit unexpected. An audit is useless without the element of surprise, our audit is a complete surprise to everyone.

Q. My second question is what system of accounting and auditing is there for checking the amount of materials, supplies or equipment that are declared surplus and what disposal is made of them?—A. As far as the disposal is concerned, it is done by the Crown Assets Disposal Corporation when it is declared to them. Before it is disposed of officers of the works company must decide whether that material is any longer required to carry out the functions of their particular works company. It would be passed up to command with their recommendations and command would decide whether it could be used any other place within the army works services. If they did not require it, then the department as a rule would ask if anyother branch had any use for it and after that, if not, be declared to the Crown Assets Disposal Corporation.

Q. In making a check on a unit you have work orders and you check as to the amount of material that goes into a particular project. Do you check those work orders against the specifications called for in a contract for the building of that particular building or project? How do you determine whether the amount of the materials issued under the work orders is sufficient or too much for the project, and do you make any physical check with respect to surpluses?—A. As far as we are concerned as auditors we are dependent on the estimate prepared by the engineer. His estimate will appear there indicating how much labour and material is required on that job. We would

check to see that the issues from stores are logged against that particular approval and if the total of material logged against it exceeds the engineer's estimate, then we would question it, but I do not consider myself or my men competent to say whether too much or too little material goes into it. I leave that to the engineer to decide.

Q. One more question. When you audit the books of a unit with respect to the disposal of material declared surplus, does that unit keep records you can check to make certain of the reason for the disposal and carrying it as surplus, and can you check as to where that material would be delivered to?—A. Ordinarily when stores are declared surplus through Crown Assets Disposal Corporation, the unit concerned is custodian until they receive a sales order from Crown Assets Disposal Corporation ordering them to deliver them to a certain party. In the meantime they are custodians for the Crown Assets Corporation and it still remains on the books of the works company until disposed of, and the authority to write it off their books is the sales order, and at the time the party purchasing comes and takes delivery they get a receipt from them that they have turned over the quantities and so on, and that is their authority to write it off and that is the end of it so far as the works company is concerned.

By Mr. Fulton:

Q. You would be able to go back and check that receipt against the books of the company?—A. I have no interest in the company.

Q. The works company, I mean?—A. Yes, that is quite right.

By Mr. Harkness:

Q. The auditor is aware that the Auditor General has referred to the fact that there are six systems of bookkeeping in use in the army?

The CHAIRMAN: I believe there are eight.

By Mr. Harkness:

Q. Would the auditor comment on that, whether that complicates the work? For example, I would like to know how many of these systems enter into the work of the works company or whether actually the system in use there is satisfactory, and would he comment in general on what the Auditor General said?

The CHAIRMAN: I will leave it up to you. You are asking Mr. Kidd, who is a civil servant, to comment on a gentleman who is a servant of parliament. Do you think it fair?

Mr. FULTON: I think that the Auditor General's finding was one of fact. We are not asking whether it was correct.

The CHAIRMAN: In making his comment he must give some indication as to his views. Is that fair?

Mr. HARKNESS: I would like to have regard to what you said. It is now 6 o'clock and he can think that over. I want to reserve my rights on that.

The CHAIRMAN: Go ahead. The witness says he is prepared to make some comment.

The WITNESS: As far as the army works service is concerned, these eight systems that are referred to do not affect them particularly. They have the one system for their corps. The army service corps, for instance, accounting has no reference to the works services; the medical corps accounting has no reference to army works services, or the dental, or the system in the ordnance depots has no reference to the army works services. So far as the army works services is concerned, it does not complicate their work a bit.

By Mr. Wright:

Q. In view of the explanation of the auditing system given by Mr. Kidd, how could he account for the thievery and roguery not being discovered until a civilian wrote an anonymous letter to the R.C.M.P.?—A. That kind of thing is very hard to detect, as Mr. Currie said when he was here. I might use as an illustration the case of McKesson and Robbins in Montreal, which was investigated by auditors. They went on for fifteen years and got away with \$9 million. It was the same kind of thing. When you have a group of people, in collusion with each other who decide to embezzle funds, it is very difficult to find. Any system of internal checking is designed so that one man checks on another. There is no part of the work that is the individual responsibility of one person. At Petawawa the five senior men in the works company all were in collusion with each other and therefore all the checks went out. When we come in we see the signatures in the right place and people checking vouchers in the right place. It is therefore very difficult to detect.

Q. Do the auditors check the physical assets? I happen to be interested in a little company and the chartered accountant goes around and checks the physical assets.—A. Well, audits are based on tests, but we do check the physical assets as well, the material on inventory, and we do make a physical test and we also in making that test have one of the army employees with us and they sign along with our man. When later we come back and say there is a discrepancy, they cannot say, "You did that without us being there." We always get the signature of the man concerned to agree with our count.

The CHAIRMAN: Gentlemen, we will have Mr. Kidd back with us for the next meeting on Thursday morning.

—The committee adjourned.

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Canada. Defence Expenditure
Special Committee 1952/53

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HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

THURSDAY, MARCH 5, 1953

WITNESSES:

Mr. J. A Kidd, Chief Auditor, Brigadier W. J. Lawson, Judge Advocate General and Mr. E. B. Armstrong, Assistant Deputy Minister (Finance), Department of National Defence.

MINUTES OF PROCEEDINGS

THURSDAY, March 5, 1953.

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stick, Thomas, Wright.—(23)

In attendance: Mr. E. B. Armstrong, Brigadier W. J. Lawson, Messrs. J. A. Kidd and W. R. Wright, Department of National Defence.

Mr. Kidd was called and his examination on APPENDIX B of the Currie Report and relevant Exhibit No. 1 was concluded.

Mr. Kidd was retired.

Brigadier Lawson was recalled. He read a prepared statement on action taken in respect of the irregularities under study (Currie Report), was further examined and retired.

Mr. Armstrong was also recalled. He read answers to questions asked at the meeting of Tuesday, March 3, was briefly examined and retired.

The above answers are incorporated in today's evidence.

It was tentatively agreed to begin on Tuesday next the study of item No. 2 (1) of the second report of the Sub-Committee on Agenda, namely construction (*See page 77—No. 4—printed minutes of proceedings*).

At 1.05 o'clock p.m., the Committee adjourned until Tuesday, March 10, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

MARCH 5, 1953.

The CHAIRMAN: Gentlemen, everyone is very prompt this morning. At the last meeting we had about concluded our questioning of the chief auditor, Mr. Kidd. I thought we might make him available again this morning. Then we would have Brigadier Lawson—he may not be long—and we would call Mr. Armstrong back to conclude his evidence. The construction people are also here this morning. We may not get to them. I am not pressing for it, it is up to the committee. Are there any further questions to ask Mr. Kidd?

Mr. PEARKES: Mr. Chairman, there were some questions left over from the last meeting. Are they going to be answered now? The questions were asked of Mr. Armstrong.

The CHAIRMAN: When he comes up we will deal with those questions.

Mr. PEARKES: You will leave those questions until then?

The CHAIRMAN: Yes.

Mr. J. A. Kidd, Chief Auditor, Department of National Defence, called:

By Mr. Fleming:

Q. Mr. Chairman, I have a few questions for Mr. Kidd. How long have you been connected with the Department of National Defence?—A. I have been employed by National Defence since 1948. I have been connected with it for a longer time. I was with the Auditor General's office previously and on National Defence during the last war.

Q. During the war you were attached to the Auditor General's office but doing audits in the Department of National Defence specifically?—A. That is right.

Q. And in 1948 you were appointed chief auditor of the Department of National Defence?—A. Yes.

Q. Has there been any change in the extent of your duties as chief auditor of the department since 1948?—A. The terms of reference have remained the same.

Q. What are those duties?—A. We are supposed to look into all accounting or financial matters of any kind at any unit that we might visit, and report back to the deputy minister as to the adequacy of the systems and the efficiency of their operation.

Q. I take it then that your duties extend over all branches of the Department of National Defence?—A. That is correct, including Defence Research Board and Inspection Board.

Q. What is the relationship between yourself, in relation to the duties you have described, and the Auditor General?—A. The Auditor General has no jurisdiction over me at all. I report to the deputy minister. I am an employee of the Department of National Defence, as Mr. Armstrong stated, and through arrangement with the Auditor General he is on the distribution list for our audit reports.

Q. His work and your work are carried on quite independently of each other?—A. That is right.

Q. How often do you carry out your audits within the department with respect to particular branches in it? I am thinking of this: Is your audit one carried out on a current basis or regular basis or an ad hoc basis?—A. As far as we are concerned we try to do all the major units in National Defence once every year. They may be spaced from six months to eighteen months. We do not want to come in at the same date each time because the surprise element disappears. The smaller units are not done that often. For instance, reserve army: we only do enough to get a general idea of what the conditions are in the reserve army. The other smaller units we would not do every year either, but we do enough to get a general idea what the conditions are. But all the major units we do every year.

Q. That would include the army works services?—A. Yes. As you appreciate and as Mr. Armstrong has mentioned, it has been a little disrupted over the last two or three years since they put in this new system. We did not do any audit for a period of nine months after that. My report was put in to the deputy minister on the 24th of March, 1952, and a month after this Mr. Currie was employed and had nearly all of our audit files on the works companies for a period of six or seven months, which made it almost impossible for us to do any work during that period, and there was again a break for a period well into the summer of 1952, and up to the fall of 1952 we were not doing much on works companies because Mr. Currie was in on it.

Q. I take it that during the years 1949, 1950 and 1951 your audit was a regular audit of the army works services as well as the other major units or major branches within the Department of National Defence?—A. That is correct.

Q. What was the method you followed with respect to organization of your audit and the organization of your staff for that purpose?—A. In our set-up we have seven offices across the country. They are at Halifax, Montreal, Ottawa, Toronto, Winnipeg, Edmonton and Vancouver, and there are seven men in each one of those offices and a stenographer. There are eight of a staff in each one of them, a regional auditor, two assistants and four men working under them. Those men, for the most part, are university graduates in commerce. A good many of them had two years' experience in a chartered accountant's office before they came with us. The majority of them are fellows who are veterans of the last war who took their re-establishment credits by taking accountancy training and after that they came with us. Their average age is in the mid-thirties—

Q. You have under you a total staff of fifty-six?—A. No, we have a total staff of sixty-eight: 49 auditors, 7 typists or stenographers in field offices, and the balance are at headquarters office.

Q. Has that staff been uniform in strength from 1948 up to the present time?—A. No, in 1948 it was thirty-four. We have doubled our staff since 1948.

Q. A gradual increase?—A. Yes, year by year. As the expenditure and number of units increase, we are increasing proportionately.

Q. Has your staff in each of these years been adequate for the purpose of the duties?—A. Yes, I would say it has been, pretty well.

Q. Now, when you undertook an audit of the army works services, for example, what was your practice? Do you have any members of your staff in any branch throughout the year or when you conduct an audit do you just send your staff from that particular area into that particular branch?—A. We just send the staff from that particular area in to do the audit. They work in teams from two to six, depending on how big the unit is. A very big ordnance depot would have the whole group, or in an engineering company there would probably be four men working for a period of two weeks. I feel we should not specialize having a man who goes only to engineering companies or ordnance. They have to go all across the board. They go into all units.

An audit itinerary is made of the year's work and they send it in and our headquarters people analyse it to be sure they are giving thorough attention to the three services, army, navy and air force, and that they are not concentrating on one to the detriment of the other.

Q. When you are planning your audits in advance, what provision do you make for the element of surprise?—A. Those files never get out of the regional office or our office and we never advise anybody when we are going in. We know when we are going in, but nobody else does.

Q. You go year by year?—A. There might be anywhere between six to eighteen months between audits because we keep the times varied.

Q. You indicate you consider the staff you had were adequate for discharging your duties; or are you satisfied that an efficient audit has been carried out within the department by you and your staff in the years that I mentioned, from the time you took over in 1948 up to the period you mentioned of 1952 when things became rather disrupted?—A. I would not admit anything else, but someone else might disagree with me on that.

Q. You are satisfied that you and your staff have done an efficient job of auditing within the department in all its branches?—A. Yes.

The CHAIRMAN: Mr. Currie agreed with you, Mr. Kidd.

Mr. FLEMING: Yes.

By Mr. Fleming:

Q. When you wrote your reports, to whom did you send them?—A. They go to Mr. Armstrong.

Q. Direct?—A. Yes.

Q. Mr. Armstrong was not in the department at that time?—A. Before that they went to Mr. Alex Ross, who is now the associate deputy minister overseas. He was my superior at that time.

Q. Your reports have always gone to one or the other of those two assistant deputy ministers?—A. That is right.

Q. Have you any responsibility from that point on with respect to the contents of your reports or any recommendations?—A. As an auditor I am not an administrator, but I am consulted from time to time by Mr. Armstrong and other people in the department as to how I think they could accomplish correcting some of the things in the report. And also as Mr. Armstrong has stated, when the replies come back to us from command, those files come back to us and we review them and if there is any example there where I do not think the action is satisfactory, I discuss it with Mr. Armstrong and he in turn will send it back through again to the C.G.S. for information.

Q. Your reports, I take it, include recommendations?—A. That is correct, quite often.

Q. It is probably fair to say the majority of your reports would include recommendations?—A. I would not say the majority. There are certainly recommendations in quite a few of them.

Q. There may be in somewhere around half of them?—A. I would not like to even make a guess as to the percentage.

Q. I want to understand this matter of chain of responsibility here. Where your reports contain recommendations and they have gone in the ordinary course to the assistant deputy minister, unless you are consulted by him afterwards with respect to those recommendations or with respect to any recommendations that are sent on through to you, have you any responsibility with respect to follow-up?—A. Well, we certainly will follow up the answers at our next audit.

Q. But before the next audit?—A. No.

Q. You would not have any responsibility on that situation?—A. I would think that the fact that a responsible officer has stated he has corrected the

thing should satisfy us until we go the next time to see whether it has been done or not.

Q. But take a case where you are not consulted?—A. The report would not be cleared until such a statement had been made. The file will remain open until we are satisfied the action is complete.

Q. Then, let us come to the next audit. You have had cases, I take it where you have found similar situations, that is a situation similar to those found in your previous report on your last audit and made corresponding recommendations again. Is that the situation?—A. On occasions that has happened. On occasions such as those we highlight that to Mr. Armstrong and his next memorandum is much stiffer than the first one, and also Mr. Armstrong will probably tell us he thinks we should go back in in a very short time again, say, six months. We have had occasions where Mr. Armstrong has told us he feels because of that we should make another surprise audit in, say, six month's time.

Q. Mr. Armstrong has been in his present position about a year and a half?

The CHAIRMAN: September 15, 1951.

By Mr. Fleming:

Q. Yes, a year and a half. We are talking now about the period prior to 1952, so I would not want you to confine your answer to the period during which Mr. Armstrong was there.—A. I think the same could apply to Mr. Ross as well. I think there were times he did the same thing.

Q. We have been told we cannot have access to your reports. The reason I am taking as long as I am about some of these questions, Mr. Kidd, is this: where within the army works services can you indicate some examples of where you reported a similar situation—made some recommendations—in succeeding reports?—A. In that appendix B of the Currie Report I think there is only one case that I remember. I frankly was a little mystified of Mr. Currie's statement to that effect. The only thing I could think of was that he may have had some information I did not have. I do not know what it would be, but certainly from these reports we have in appendix B time and time again I think it was over-emphasized, because we had I think only about two of these cases, where we went into the unit more than once during that period.

Q. I wanted to ask you about the repetitions of your investigations into the works companies. For instance, how often within the period of your holding your present office up to the disturbed period of 1952 did you go into Petawawa, for instance?—A. I think we were in there three times.

Q. Can you give me the dates?—A. Well now, we were only in there once in this period since the new system came in.

Q. I was asking about your own period?—A. I understood you meant before 1948.

Q. I am speaking about the period throughout which you have been chief auditor.—A. I think it was two or three times.

Q. Can you give me the dates?—A. I have not got the dates with me this morning. I cannot give you the exact dates, but my assistant tells me we were in there in 1949, 1950, and 1951. 1951 is the one in appendix B.

Q. You said you were in there at each of these audits?—A. Yes, my staff.

Q. Were these complete audits in each case?—A. That is right.

Q. Can you give me similar information with respect to the other works companies in appendix B to the report.

The CHAIRMAN: Which one do you want, there are nine of them, Mr. Fleming?

Mr. FLEMING: In each one. If he has not got the information I will be satisfied if it is supplied by letter.

The WITNESS: I can tell you that our audits were going on in 1949 on these works companies the same as they were after the new system came in, but there

is not too much significance there, because the system changed in 1949, so therefore what we were talking about previous to that would not have any particular significance to what we were talking about after, because these reports before 1949 were used in part as a reason for the engineer's work on the establishment of the new system. I think you will remember that Mr. Armstrong mentioned that when this new system came in our branch was consulted and was consulted quite often, and we concurred with the new system as it was designed. They also discussed it with two or three outside construction firms who also found it was a very well designed system.

An Hon. MEMBER: We cannot hear down here.

The CHAIRMAN: Speak to me and they will all hear it.

The WITNESS: The last part of what I said was there were three outside construction firms who were asked to look over this new system, and they also agreed it was a very good system. In addition to that it is the system the American army were using at that time.

The CHAIRMAN: Mr. Fleming, do not ask for the report of these construction firms. I notice you are making notes.

The WITNESS: I do not think it was a report, but verbal statement.

The CHAIRMAN: I can see trouble. Go ahead.

By Mr. Fleming:

Q. The new system came into effect in 1950?—A. Late 1949.

Q. Well, yes, we will call that the fiscal year 1949-1950?—A. That is right.

Q. You gave me three dates for Petawawa audits of 1949, 1950 and 1951. I take it the 1949 one preceded the introduction of the new system?—A. That is right.

Q. The 1950 audit was on the new system?—A. I think my assistant must have given me the wrong information, because I know all the audits we did since the new system came in are in appendix B, so I do not know when there was another audit. They may have taken in the new system and the old system, but we have not got the exact dates.

The CHAIRMAN: We had better not speculate about that. I think Mr. Kidd had better look it up.

The WITNESS: I am quite sure if it was done after the new system it is in appendix B. So altogether I would say there were only two audits, 1949 and 1951 as far as we know.

By Mr. Fleming:

Q. And none 1950?—A. No, because if there was it would be in there.

Q. Let me take it as to Petawawa. From 1948 to 1952 there were just two audits, one in 1949 under the old system, and one in 1951 under the new system and the 1951 audit is in appendix B.—A. That is right.

Q. Now, at the risk of the Chairman's displeasure, can you tell me what you know about the three construction firms you spoke about?—A. I cannot tell you very much.

Q. Just tell me what you can.—A. I did not even talk to these firms. All I know about it is from a note on the file in connection with the new system, and it states on there that these three firms were consulted, but I can only give you the name of one, Hill-Clarke Francis and I do not know the names of the others. The director of the army works services states he consulted these three firms on the type of system which should be used.

Q. So it was the director of the army works services who consulted all three firms?—A. Yes I would say so.

Mr. DICKEY: Could I draw to your attention Mr. Chairman, that the spokesman for the tory party on this committee is taking up a good deal of time, and there are other members who may want to ask questions.

The CHAIRMAN: It was not possible for Mr. Fleming to be here at the last meeting, because of a previous engagement, and he told the committee about it.

Mr. DICKEY: We were getting on very nicely.

Mr. FLEMING: May I relieve the minds of members of the committee, I have just finished my questions.

The CHAIRMAN: Mr. Herridge.

Mr. FULTON: Mr. Dickey should have the next chance.

The CHAIRMAN: Mr. Dickey did not hold up his hand quickly enough.

By Mr. Herridge:

Q. I asked Mr. Kidd whether any formal notice was given to units when the auditors were going to check the books, or inventory and he said that they tried to have the element of surprise and that even the deputy minister did not know of where these auditors were going, and this morning Mr. Kidd mentioned they did not advise anyone. I would like to draw to his attention in the minutes of the defence committee for 1952 page 325—Mr. Armstrong is the witness—and Mr. Stewart asked the following question:

Apparently advance notice is given where inventories are going to be taken. Did that advance notice of the time of inventory have any significance in connection with the dates of the fires?

The Witness: The advance notice of when inventories will be taken is in relation to the main supply depots such as the one you were at the other day. In this case, at units, the quartermaster is expected to take inventory of his stores monthly. It is a different procedure from that for the main depot.

My question is if there are advance notices, as to inventories going to be taken would not that also alert the unit as to the fact that their books are going to be audited in the near future.—A. That inventory is not an inventory taken by the auditor but by the inventory team which works in the depot at all times. They are not my men at all. As far as we are concerned, we go in and make tests and checks of the stock. These particular ones have nothing to do with the audits at all. They are the permanent inventory teams working at all times in the depots on a schedule across the year and these people are independent of the people keeping the books and also the storekeepers in the units. That inventory team is a permanent team working in the depot at all times.

Q. One more question. A year or so ago apparently a rocking horse was made for a certain general's child at Christmas time, and according to the minister in the House of Commons repayment was made to the receiver-general because the lumber was improperly used by the general in question after the commencement of the Currie investigation. Was that improper use of army material discovered by your department?—A. No it was not. It was never mentioned in my report.

By Mr. Macdonnell:

Q. Can I ask Mr. Kidd this question. Your investigation I take it would include both examination of books and physical check-up of stores, but, you said yesterday, speaking of Petawawa, if I remember rightly, that your task was made almost impossible—I do not know the exact words—by reason of collusion of several people at the depot. Could you say what happened that

time in connection with the physical check-up—what I mean is, you were not wholly at the mercy of those in collusion though they made it difficult at the time.—A. I cannot remember exactly just what we did say in there. I know we carried out test checks of stock at that time.

Q. Do you remember whether at that time you formed the impression, which Mr. Currie apparently did, that the security provisions were rather lax—I refer to defences and such?—A. I think we mentioned something about there not being fences around the compounds, and subsequent to that they did put them around. But we did not say anything about there being no fences all the way around the camp. I did not consider that was a feasible thing. My opinion is that if the compounds themselves, where these stores are kept, are fenced in a camp such as Petawawa, that is the best security you can get there.

Q. I understand it in the sense of the compounds, but not the actual stores?

The CHAIRMAN: Please speak up.

The WITNESS: We mentioned that one compound was not fenced, and that it was subsequently fenced. That was part of the answer in our report.

Mr. MACDONNELL: I am not quite sure what your answer was to my question.

The CHAIRMAN: I am sorry to say that the noise is not coming from the members of the committee but from other parts of the room.

By Mr. Macdonnell:

Q. May I pursue my question about the physical check-ups? You said yesterday that your task at Petawawa was made very difficult because of collusion. What about the physical check-ups? Did you at that time make a complete physical check-up? What was your statement?—A. We did not on any of these audits make a complete physical check, but just tests. We operate in this way: in conducting any audit we have a discussion with the commanding officer and we point out what we intend to write in our report. There are several reasons for that. It gives the unit immediate knowledge of what they are going to be criticized about so that they can get busy and start correcting it. Then there may be additional information coming forward from the commanding officer which we did not get during the course of the audit. These particular things we did take up with the commanding officer but, as I said last day, it did not do very much good because he was in on it too. Therefore any assurance he gave us that he would correct conditions did not mean anything.

Q. You mean the deficiencies were found by reason of a physical check-up?—A. That is right.

Q. But you say in your report that you were frustrated by the fact that the commanding officer did not carry out what he was supposed to do. We understood there were great numbers of your reports which went forward and seem to have been lost in transit, or in any event not acted upon. Where would that report be made?—A. Just a minute, please. On that question of not being acted upon, I disagree with you because that is not what is in Mr. Currie's statement. It says there is not any adequate action. They were acted upon, and as I stated to Mr. Fleming a little while ago, we were not satisfied and we did not close the files until we had got an answer back from every unit, on every point that is covered in the particular report. We have to take their word on it for the present but we can go back next audit, and as far as Petawawa is concerned, it was just another works company.

Our surveys or audits during that period of time were designed to see if this system was working. And it was not working in Petawawa and it

was not working in other places as well, as we indicated in our report of March 24, to the deputy minister. But as far as Petawawa was concerned, it turned out that there was a conspiracy operating there; but I must admit that we did not find that. It was the police inquiry which found it.

The CHAIRMAN: Mr. Macdonnell?

Mr. MACDONNELL: Perhaps I had better be more specific then. You know what I am actually referring to.

Mr. BENIDICKSON: Well, we do not.

The CHAIRMAN: You ask your question, then.

Mr. MACDONNELL: I shall read the last sentence, as follows:

Aside from reports being delayed for considerable periods of time, the record shows the next audit revealing conditions similar to those previously reported . . .

The CHAIRMAN: Mr. Macdonnell is reading from the top of page 713, in the left-hand column. He has read the following:

Aside from reports being delayed for considerable periods of time, the record shows the next audit revealing conditions similar to those previously reported and, in some cases, worse. The process is then again repeated.

Mr. Macdonnell would like to have the auditor's comment on that.

The WITNESS: In this particular case we only did one audit, so that that particular observation cannot refer to Petawawa.

The CHAIRMAN: That was the answer you gave to Mr. Fleming too, I think.

Mr. FLEMING: I think he said there were two audits in Petawawa, one in 1949 and one 1950.

The CHAIRMAN: But he later corrected that in view of what appears in appendix B, and said that there could only have been one audit, and that he was mistaken in his original answer as to the dates.

Mr. FLEMING: I think we had better leave that until we get his statement.

The CHAIRMAN: Now, Mr. Applewhaite?

By Mr. Applewhaite:

Q. Who prepared appendix B to the Currie report?—A. My staff prepared appendix B.

Q. When?—A. Just before March 24, when we prepared this report to the deputy minister.

Mr. DICKEY: What year?

The WITNESS: 1952.

The CHAIRMAN: Before I call on you, Mr. Wright, may I ask a question?

Mr. WRIGHT: That will be all right, Mr. Chairman, provided it does not lead to a lot more.

The CHAIRMAN: I am afraid that it will, so you go ahead, Mr. Wright.

By Mr. Wright:

Q. Do you not, in taking inventories, report on the physical condition of the goods in store, whether they are being properly warehoused, and that type of thing?—A. That is right, as far as we are competent to do so, and as far as we can do it. I remember an occasion some time ago where we found moth infestation in one particular place in some blankets. We would report that kind of thing. We would also report it if we found deterioration from moisture

or anything like that, or if we found something wrong with food in the army service corps depot.

Q. What has been the increase in the inventories since you came into this particular department in 1948?

The CHAIRMAN: Please speak up!

By Mr. Wright:

Q. I repeat: What has been the increase in the inventories since you came into this particular department in 1948?—A. I could not tell you that at all. It has been tremendous. I know that.

Q. You must have some idea of the increase. Has it doubled or trebled, or has it become ten times as much?—A. I think an indication of that would be found in looking at the amount of money spent in 1948 and comparing it with the present amount of money spent. It has been increased every year, and a good proportion of it has been spent for stores and supplies of various kinds.

Q. It would probably have increased about ten times. Would you say that?—A. I would have to look at it; I am not going to make a statement now.

Q. But I would like you to get that figure if you can, on the increase in inventories. You doubled your staff, and the inventories have increased by a tremendous amount. That would give some indication as to whether your present staff would be able to check effectively the stores which are at present in inventory in the various branches of the army.—A. Well, it has not been due particularly to the increase in inventories that my staff was increased. It was more an increase in the number of units to be audited and in the number of inventories to be tested. Even in commercial practice auditing is done on a test basis, and a small test might disclose just as much as a large test. A representative number of items show you what the general tendency is. So my increase in staff might be partially due to an increase in inventories, but not directly, I would say.

Q. It is clear, however, that it would occupy at least a fair amount of time of your staff in making test inventories; and if you had the same percentage of checks as you had before and if the inventories were increased by several times, therefore to make effective checks you would have to have an increase in staff.—A. The test checking of inventories is generally about one-tenth of the audit work of any unit we would be auditing.

Q. If the books were larger, there would be more inventories?—A. That is correct, but a great deal of stores are on charge to individuals who sign for them as taking the responsibility, every so often; and part of our check is to see that those people are taking the responsibility of signing that they have checked the inventories at regular periods.

Q. I would like you to get for the committee the increase in inventories that you had to check between 1948 and 1952, as well as the dollar value.

The CHAIRMAN: We do not want to disappoint you, but even from where I am sitting I do not think that is possible, and neither does the auditor. He will get for you whatever information is required but he says that it is not done in that fashion. Can you express it in any other way that would be more helpful? I can see your point, but the auditor says it does not make any difference whether you take an inventory in a place where there is \$10,000, or in a place where there is \$100,000 worth of goods. It is all out on charge to various people, and they take their signatures, so it is not really an item.

Mr. DICKEY: Perhaps we can clear it up this way.

The CHAIRMAN: I want to.

Mr. WRIGHT: It seems to me there must be something wrong if we do not know how much there is in the inventory. If I operate a store I have to know how much inventory I have, and I think the auditor ought to know it.

By Mr. Dickey:

Q. Is it not true that your job is to audit, and that inventory control is carried out completely as a separate mechanism within the department?—A. That is correct. But on the other hand we have tried to see whether that inventory control check is working by means of tests.

Q. I meant that too; but the real machinery of inventory control, to make sure that every item that is on charge to a unit is accounted for, is still a completely separate mechanism, or a corps mechanism?

The CHAIRMAN: Please answer the question yes or no.

The WITNESS: Yes.

By Mr. Wright:

Q. Who is in charge of inventory control if you are not? In other words, what is the mechanism?—A. It depends on what kind of unit you are talking about, or what corps.

Q. Is it different in all the different corps, a different method?—A. As you have heard, there are eight different accounting systems in the army, by corps.

The CHAIRMAN: Tell him about it.

The WITNESS: Let us take the ordnance corps. They have ordnance inspection teams which operate from command headquarters; and they take stock each year at every unit in that command; so they are the people who are taking inventory there; they are the ones who are responsible for it, and that responsibility goes up the line to the director of ordnance services and the quartermaster general.

In the army works services, as you have been told, they have now set up inspection teams and are going to operate about the same way as the ordnance people operate. In the past, responsibility for stocktaking in works companies has been on the shoulders of the commanding officer and the works foreman, and he has to report those stocktakings up through command channels.

By Mr. Wright:

Q. It may be that I am not sharp, but I cannot understand how you can make an effective audit if you do not know what the inventory is that you are auditing. That is why I ask you what the inventory was in 1948 and what it is now.—A. If you are asking for dollar values, inventories in the Department of National Defence and in any other department are not carried in the Dominion balance sheet. We operate on a physical basis, not a dollar basis. The only exception is when there are shortages which have to be written off. That is the only case where dollar values come into it. In that case the responsibility to write off is on a dollar basis, but we operate on a physical basis. It is not the same as a commercial concern, where they always operate on a profit and loss and dollars account.

Q. That is what I am trying to get at.—A. And you value your inventory at the end of the year on a dollar basis. We do not. It is done on a physical basis; it is not on a dollar basis. It is only when a shortage develops and we have to decide who has authority to consider this, either approve it or have it further investigated, that it is valued.

Q. What you are saying is this, that we do not know the dollar value of the inventory we are holding at the present time, that we only know the physical numbers of the goods that we have stockpiled? Is that what you are stating?—A. That is correct.

Q. It seems to me, then, there is something wrong if we do not know the dollar value, what we have paid for the goods we have in stock in Canada today.

The CHAIRMAN: Just a minute, now, Mr. Wright. Gentlemen, just let the auditor look after himself. Go ahead and answer the question, Mr. Kidd.

The WITNESS: We know what we paid for it all right and we also can get that information.

By Mr. Wright:

Q. That is what I am asking, what the inventory is worth. One time you tell me you do not know, and the next time you say you do know.—A. We know what has been paid for it. They are all purchased on contracts made by the Department of Defence Production. The army units have stock record cards, and show the cost of the item at the top of the card, but that does not mean anything as far as the control of the stores is concerned. We do not have a cost inventory that goes into the balance sheet at the end of the year. We are working on a physical basis.

The CHAIRMAN: In other words, you want to know whether the rifle is there or not; is that it?

The WITNESS: That is it.

The CHAIRMAN: Mr. Dickey.

Mr. DICKEY: If Mr. Fulton wants to clear up that particular point—

By Mr. Fulton:

Q. Did I understand you to say earlier, Mr. Kidd, that it is the responsibility of the ordnance inspection teams to check all the inventories physically?—A. In the ordnance corps.

Q. Only in the ordnance corps. There is no one branch within the department—confine it to the army—there is no one corps or branch of the army which is responsible for checking on the inventories of all the army?—A. That is correct.

Q. Each corps is responsible within itself?—A. Except that there is a responsibility higher up.

Q. Mr. Armstrong told us earlier that there was an ordnance inspection report on an inspection carried out by the ordnance into the works company at Halifax. That is what made me wonder whether the ordnance have inspection teams that go through everything in a particular branch.—A. No.

Q. Do you know how that would arise, that inspection report?—A. That inspection report would have reference to the unit ordnance stores that were in that works company. It does not refer to the engineers stores in that works company.

Q. Just to the ordnance stores in that company?—A. Yes.

The CHAIRMAN: Mr. Dickey.

By Mr. Dickey:

Q. Mr. Kidd, you were appointed in 1948, I think you told Mr. Fleming?—A. Yes.

Q. Who was your predecessor as chief auditor?—A. There was no predecessor. I was the first one. The branch was organized in 1948.

Q. In other words, this whole system of auditing was something introduced into the department in 1948. Is that correct?—A. That is correct. It was introduced as a result of a recommendation made by the Thorson committee on expenditure in 1941.

Q. So this whole audit and checking procedure in the department has been in effect since 1948, but not before that?—A. That is right.

Q. And you, I suppose, operate on the basis of civilian audits, in so far as you can, in dealing with National Defence matters?—A. That is correct. We operate on an audit program.

Q. Is my understanding correct, that the Auditor General of Canada receives a copy of every report, every audit report made by your organization?—A. That is correct.

Q. Now, Mr. Kidd, I was interested in the questions asked both by Mr Fleming and Mr. Macdonnell regarding the section of Mr. Currie's report that deals with some of these audits, and I understood you to say that you were somewhat mystified by something that Mr. Currie had said.—A. Well, his statements time and time again that we had reported it—I think there was only one instance in Appendix B where there were two audit reports on a particular works company.

Q. I would like to read to you what Mr. Currie said, starting at page 712, he said:

The deputy minister in each case had directed the quartermaster general to investigate and report. Lack of adequate action at this point had, however, caused a progressive deterioration in the situation.

And then it goes on with the quotation employed by Mr. Macdonnell earlier.

Now, I understood from Mr. Armstrong that in August, 1950, there was a change in the system whereby your audit reports instead of being referred to the quartermaster general from then on were in each instance referred to the Chief of the General Staff. Is that correct?—A. That is correct.

Q. And I recall in Mr. Currie's evidence that he said that the audit reports to which you are referring in this particular section, were ones that had been referred to the quartermaster general. Would it help your mystification at all, or could you comment on the possibility that in this particular section it is clear that Mr. Currie was dealing with audits preceding August, 1950?—A. Well, I do not think that clarifies it very much, because I think in that report, in Appendix B, there were only three or four before August, 1950.

The CHAIRMAN: Mr. Dickey—

Mr. DICKEY: I do not think Mr. Currie confined his investigation to subsequent to August, 1950. There would have been audit reports prior to that time of which Mr. Currie had knowledge?

Mr. FULTON: Mr. Currie was not restricted by the chairman.

Mr. APPLEWHAITE: No, but he restricted himself on page 712, which is proven by Appendix B.

The WITNESS: I think I would only be guessing, so I will not answer.

By Mr. Dickey:

Q. But it is correct to say that from August, 1950, your audit reports did not go to the quartermaster general, they went to the Chief of the General Staff?—A. They did not go direct to the quartermaster general, but he saw them after they went to the Chief of the General Staff.

Q. The wording Mr. Currie used, and I think confirmed in his evidence, was that in each case the deputy minister had directed the quartermaster general to investigate and report. Now, that would refer to the system of referring the reports, and that was in effect up to August, 1950, but not afterwards?—A. Yes.

Q. That is all.

Mr. FLEMING: How can this witness answer that? Mr. Currie is the only one who can do that.

Mr. McILRAITH: Mr. Currie clarified part 1. He did it two or three times. It is all on the record.

Mr. HERRIDGE: I think a good many people in Canada were intrigued by the fact that a railway siding had disappeared. Could the auditor explain how that could disappear and not be noticed?

The WITNESS: As far as I am concerned, I do not know anything about that.

The CHAIRMAN: It may not have disappeared, Mr. Herridge. He says he did not know anything about it. That is the end of it, isn't it?

Mr. HERRIDGE: Suppose you discover there is a shortage of materials and you test the inventory and discover there are 500 bags of cement short, or a large amount of lumber damaged, and you make inquiries and they say it was damaged or lost. How far do you go to establish that these statements are correct? How far do you go to make sure that the cement was lost or the lumber was damaged or broken?

The WITNESS: That is not my job. I point out the discrepancy, but the administrative people in the department are the ones who must satisfy themselves that the observation has been cleared. That is not my job.

By Mr. Wright:

Q. In how many cases in the past year have you reported goods on inventory out of condition? Could you give us some information on that?—A. We had 350 audits in the past year. I cannot tell you offhand how many.

Q. Could you have that checked?—A. That will take quite a while. These audit reports run anywhere from 10 to 40 pages, and there are 350 of them. It will take a while, but we can get it.

Q. I would like to get it, because I would like to know if the goods in storage are in proper physical condition, and in how many cases they are not so.

Mr. PEARKES: Mr. Kidd has twice referred this morning to the report. Is this the report he is referring to, or what is that report?

Mr. McILRAITH: What is "this"?

Mr. PEARKES: Appendix B. What is the report you are referring to?

The WITNESS: Mr. Armstrong gave practically all of that report—I think all of it—dated March 24 in his opening remarks when he was witness, and the Appendix A to that report is Appendix B of Mr. Currie's report.

The CHAIRMAN: Which is before the committee now.

The WITNESS: And this paper which you have before you, which I believe is Exhibit 1, is that Appendix B in detail.

The CHAIRMAN: Let me get my question in, Mr. Kidd. Take a look at Appendix B. This is Exhibit 1 before the committee and Appendix B in Mr. Currie's report.

Mr. FLEMING: Is that right? It relates to Appendix B.

The CHAIRMAN: It relates to Appendix B. You see in the second column the words "Auditor's Observations". You are the author, you are the auditor, you are the man who compiled and took responsibility for the auditors' reports, and within the scope of this audit would you say that these auditor's observations that appear in Exhibit 1 are a fair summary of your reports?

The WITNESS: Yes, I would.

Mr. HARKNESS: Have you or your men audited logging and sawmill operations at Petawawa?

The WITNESS: No, that is a private contract, I understand.

The CHAIRMAN: Mr. Harkness, in fairness, there is a question on the order paper and if that is where you want to put the question that is your privilege, but you cannot attempt to get answers at both places. You could attempt it, but I am just indicating it is going to be difficult to get them in both places.

Mr. HARKNESS: I am merely asking Mr. Kidd if he audited sawmill operations at Petawawa, and the answer is no.

The CHAIRMAN: The answer is no.

If there is nothing further on the audit, I think Mr. Lawson will be our next witness.

By Mr. Adamson:

Q. I would like to ask a question on a subject that I brought up before on the auditing of accounts of grocery stores. Now, they are doing a considerable amount of business, over a quarter of a million dollars worth of business a year. Who audits those accounts?—A. Those are non public accounting ventures and we do not touch those. Those are army mess funds.

Q. In the grocery store?—A. That is right.

Q. How are those supplies bought and who is responsible for the auditing if you are not?—A. Well, it is not public funds at all, you know. The pay corps or adjutant general or someone like that does. One of their officers who would have some knowledge of accounting would be on the audit board in that particular camp, which would look after that.

The CHAIRMAN: That is the normal procedure.

Mr. ADAMSON: Has there been any pressure for a setting up of an auditing system to look after these non public funds along some such system as they have in the United Kingdom known as NAAFI?

The CHAIRMAN: That is not in his scope.

Thank you very much, Mr. Kidd.

The CHAIRMAN: Gentlemen, Brigadier Lawson is to speak of the action taken with respect to the irregularities that appeared in Exhibit 1, and he is subject to your questioning, of course. I thought that this was the best way to bring this matter before you. I said something about a table, but they did not find it was possible to do it that way, and if it is not satisfactory after he is through we will deal with it.

Mr. FLEMING: I thought the idea of the table was to save some time.

The CHAIRMAN: I believe, you will find after he finishes that there will not be much to say on that score.

Brigadier W. J. Lawson, Judge Advocate General, Department of National Defence, recalled:

The WITNESS: Mr. Chairman, a few days after the Currie Report was submitted, the Minister of National Defence instructed me to examine the thirty-three alleged breaches of regulations mentioned by Mr. Currie in column 1 on page 715 of the Hansard printing of his report, and to advise him as to what if any legal action had been or should be taken in connection therewith.

The thirty-three alleged breaches of regulations mentioned by Mr. Currie were not easy to deal with as the report itself does not contain any factual information in support of the allegations. I concluded, however, that the allegations were based on the table of accounting irregularities prepared by the chief auditor of the department and forming Appendix B to the Currie Report.

I therefore examined each one of the 154 incidents mentioned in Appendix B. I procured the departmental files relating to each of them and obtained additional information from the chief auditor, the adjutant general and the quartermaster general. Members of my staff summarized the chief auditor's observation and the explanation furnished in each incident. This summary you have before you, substantially as prepared in my office, as Exhibit 1.

As a result of my examination I found that of the 154 incidents mentioned in Appendix B 31 were not, in fact, contraventions of regulations or instructions

but were errors in accounting, auditor's comments on the manner in which records were kept, or auditor's recommendations.

Each of the 123 remaining incidents did involve a contravention of a regulation or instruction and accordingly I further examined these incidents to determine so far as was possible whether the contravention was culpable, that is, blameworthy.

You will appreciate that while the contravention of a regulation or instruction may technically be a military offence it does not follow that such a contravention should be the subject of a prosecution.

Under military law commanding officers and commanders of senior formations necessarily have a very wide discretion in disciplinary matters. They are responsible for the discipline of the troops under their command and must have a discretion consistent with this responsibility.

In the exercise of this discretion they may and often do find that the needs of discipline are best served by correcting the officer or man concerned or reporting adversely upon his conduct rather than by having charges laid. The fact that no charges were laid in respect of an irregularity does not mean that the officer or man responsible was not properly dealt with.

In determining whether the contraventions of regulations and instructions that had been disclosed were blameworthy, I examined them to ascertain whether they were committed for improper motives, whether they involved a lack of zeal or conscientiousness on the part of the persons concerned and whether they resulted in loss to the Crown.

It was apparent that most of the 123 contraventions were of a minor nature and apparently had occurred because of the shortage of competent staff and the very rapid expansion of facilities and services made necessary by Canada's commitments in Korea and Europe.

My consideration of the information made available to me led me to conclude that in 94 of the 123 instances no culpable neglect or misconduct was disclosed. In these cases it appeared that the breaches of regulations had not been committed with improper motives, the persons concerned had been reasonably zealous and conscientious, and no loss to the Crown was involved.

Of the remaining 29 instances I was of the opinion that in the absence of more adequate information there was evidence in 15 of culpable neglect or misconduct and that 14 required further investigation before I could express an opinion. I submitted my opinion to the minister on January 6, 1953.

The minister immediately instructed the Chief of the General Staff to have the 29 instances further investigated. This investigation is now under way. Unfortunately most of these instances occurred two or three years ago and most of the officers who can supply the necessary information have been moved in the meantime. Many of them are now serving in Korea or Europe. It has, therefore, taken some time to carry out the further investigation directed by the minister and it is not, as yet, fully completed.

Further information has, however, been received in respect of all of these 29 instances. Of the 15 cases in which I said there was evidence of an offence, these further reports have satisfied me that in four of the cases there is no culpable misconduct or neglect disclosed, that in three of the cases in spite of a thorough investigation there is not sufficient evidence to justify disciplinary action, that in four of the cases the officers concerned have been released from the service, that in one of the cases the officer concerned has been released and the N.C.O. disciplined, and that in another case disciplinary action and the imposition of administrative deductions are under consideration. In the remaining two cases I have asked the adjutant general to obtain further explanation for me.

Of the 14 cases in which I said that there was not sufficient evidence on which to base an opinion, the additional explanation furnished has led me to the conclusion that in ten of these cases no culpable neglect or misconduct is disclosed, that in one of them the officer concerned has been released, and that in another case in spite of a thorough investigation sufficient evidence cannot be found to justify a prosecution. In the remaining two cases I require further information before I can express an opinion. I have asked the adjutant general to cause further inquiries to be made in these cases.

Now, Mr. Chairman to sum up: of the 154 incidents mentioned in Appendix B:

- In 31—involved no contravention of regulations or instructions;
- In 108—disclosed no culpable neglect or misconduct;
- In 6—the officers responsible have been released;
- In 4—there is not sufficient evidence to justify a prosecution;
- In 1—disciplinary action is under consideration.

I should mention in connection with that case that the final report only came in yesterday; and four are still under investigation.

By Mr. Fleming:

Q. You have mentioned, Brigadier Lawson, in the first place that your inquiry into this matter commenced after the receipt of the Currie Report?—
A. That is correct, sir.

Q. And you indicated that your inquiry was based upon Exhibit B to the Currie Report which was part of the report we have been told made by Mr. Kidd, made March 24, 1952?—A. Yes, sir.

Q. Was no investigation of this nature made after receipt of that report dated March 24, 1952, before the receipt of the Currie Report?—A. I cannot answer that, sir. I am not responsible for discipline in the army. I only came into this matter because the minister asked for my legal opinion in these matters and I asked for information on which to base my opinion.

Q. You had no responsibility for disciplinary action following that report, March 24, 1952, but did your investigations during the past two months indicate to you whether any disciplinary action was taken between the period March 24, 1952, and the receipt of the Currie Report?—A. There was no disciplinary action as such, that is there were no charges laid in respect of any of these matters in so far as I have been able to ascertain.

Q. Was there any action or inquiry of the nature you have yourself made in the past two months?—A. In every instance, sir, an explanation was demanded. Immediately after the auditor's report had been received a letter went out to the command or area requiring an explanation, and explanations were furnished.

Q. We have been told that we have the gist of these explanations in the final column of exhibit 1.—A. That is right.

Q. But my question was rather different. Is there any indication of disciplinary action being taken or anything being done of that nature in the light of the reports of which you have the gist in this final column of exhibit 1?—A. As I stated, in so far as I have been able to ascertain there was no disciplinary action, that is in the way of laying charges and conducting a prosecution.

Q. To carry my information a step further, can you tell me if any inquiry in that period was made similar to the inquiry you have made since the Currie report, apart from getting these explanations of which we have been given the gist in the final column of exhibit 1?—A. That is difficult for me to answer. The investigation would be at the command level and I have not seen the command files, I have only seen the headquarters files.

Q. Well then, confine your answer if you wish to the reports and files you have seen. Is there any indication in these headquarters files of any investigation of the kind you have made since?—A. Obviously, sir, the answers that were supplied could not have been supplied without an investigation.

Q. I am making an exception of these answers of which we have been given the gist in the final column of exhibit 1. Is there anything else?—A. There must have been an investigation to get these answers.

Q. I am making an exception of these answers. Is there anything else disclosed in the files of headquarters that you have seen?—A. No there was nothing beyond that, sir. I think in fairness I must reiterate that that clearly indicates there was an investigation or these answers would not have been there.

Q. I have clearly made an exception of these in my question, and you do not need to argue that. And I take it your answer is no.—A. No.

Q. You referred to something "has been prepared in my office". I take it you were referring to exhibit 1?—A. I was.

Q. You indicated that Exhibit 1 is substantially the same as the report you originally prepared.—A. Yes, sir.

Q. What was the nature of the difference?—A. Editing changes to make it clear. As I prepared it in my office, I used a number of accounting terms and some of the terms would not be completely clear to the committee in the way I had worded it, so it was edited to delete those accounting terms and put them in ordinary English.

Q. Was the effect to shorten or lengthen the report? Did it make much difference?—A. Very little difference—perhaps a little longer than I had it.

Q. In arriving at the conclusions that you have embodied either in the statement of January 6, 1953, to the minister or subsequently, what documents did you examine?—A. I examined the auditor's report.

Q. These are the 23 reports that have been referred to in the exhibit B—the reports on which exhibit B is based?—A. Yes.

Q. Are there any others?—A. No, none that I examined, and I examined the answers furnished by commands initially to these observations and then, of course, further inquiries were made in the 29 cases I referred to—extensive further inquiries were made—and reports received on these 29.

Q. Can you give me a complete list now?—A. Not complete, sir. I would go further in anything not clear to me from the auditor's observations and command answers—I would go further into the files. There may have been inquiries of one kind or another—official inquiries, service inquiries, and I would look at them. In some instances I would look at only the documents I have referred to but not in all.

Q. Coming down to the cases the way you had them catalogued, at the moment no action has been taken, I gather, in the way of laying charges against anyone up to the present time?—A. There is one case against an N.C.O.

Q. On which a charge has been laid?—A. Yes.

The CHAIRMAN: He said he had been reprimanded.

By Mr. Fleming:

Q. I think the statement was that an N.C.O. had been disciplined?—A. I meant a charge had been laid.

Q. That is pending now?—A. No, it has been dealt with.

Q. And what was the nature of that offence?—A. He had a refrigerator placed in his own home—his private home in Kingston.

Mr. McILRAITH: Did you hang him for it?

The WITNESS: He was awarded a severe reprimand and administrative deductions were made to cover the rent of the refrigerator.

By Mr. Fleming:

Q. Apart from that case, there are no others at the moment in which any charge has been laid?—A. No.

Q. Are there others still under consideration? I think you indicated that there are just four remaining under consideration?—A. That is right.

Mr. JUTRAS: It is more than consideration, it is an investigation.

The WITNESS: It is an investigation, yes.

By Mr. Fleming:

Q. Now, did any action follow with respect to Wallis house which is the second item on page 1 of exhibit 1?—A. You mean disciplinary action?

Q. Yes, was that a case in which disciplinary action followed?—A. No disciplinary action followed, no sir.

Q. You have indicated that in six cases officers were released?—A. Yes.

Q. Can you indicate which cases those were. I am not asking for the officers names, but just indicate what item that action was referred to on exhibit 1.—A. I think I explained that in six cases the officers were released. It does not mean they were released because of this incident. The point is that the officer now being released we can obtain no further information and can take no further action.

Q. That is what I wanted to come at. Are you prepared to tell us whether the release of the officers in any of these six cases related to any of the irregularities disclosed in exhibit 1, or did they relate entirely to other factors?—A. I think I could fairly say, sir, in most of the cases that is one of the factors that led to the release of the officer, certainly clearly in the case of the officers at Petawawa. There is no question about it.

The CHAIRMAN: Mr. Fleming, why don't you just ask him the question and get it over now. With respect to Brigadier Connelly was this a factor in his release.

The WITNESS: Yes, sir.

By Mr. Fleming:

Q. You mentioned Petawawa, and you mentioned Brigadier Connelly. Any others?—A. I cannot answer that in the other two cases, sir.

Q. When you spoke about six officers, did you mean three at Petawawa or what?—A. Yes, three at Petawawa.

Q. Brigadier Connelly and then there are two others as to whom you are not certain?—A. No. sir.

Q. Can you get that information without too much trouble?—A. I could.

Q. Thank you, and can you tell us will your information disclose the rank of the officers concerned. I am not asking the names.—A. The officer who were released in the other two cases were a lieutenant and a captain.

The CHAIRMAN: You do not need anything further, you do not want the names.

By Mr. Fleming:

Q. No, I am not asking the names. We know now what was the rank of the officers concerned. In the six cases of the officers released because we were told the rank of the three officers at Petawawa earlier.

Now, in your investigation, Brigadier Lawson, did you have occasion to see how far upwards in rank it was possible to find that the knowledge of the irregularities had extended.—A. There were 154 cases, sir, and it varied tremendously, from case to case. In some cases obviously the knowledge must have extended to a fairly senior level. In other cases it was purely in the local unit or sub-unit level, and would not have been known beyond that.

Q. In some cases where the knowledge must have extended to a fairly senior level, did your investigation extend to tracing that?—A. It certainly would extend to that, sir, if there was any evidence that there had been any improper action at any level. I was looking for any evidence of improper action on the part of anyone, and I traced it through as far as it was necessary to trace it to discover that.

Q. Just so, the complete extent is doubtful on this as I realize of course that was because in a conspiracy if a senior officer was a party to anything of course that would be within the scope of your inquiries, and if the facts warranted disciplinary action would follow; but I am thinking of this rather; was it not part of your duty in relation to this investigation to study specifically or inquire specifically into the level that the knowledge of irregularity did extend in these cases.—A. My investigation, sir, was confined entirely to discovering whether any military offence was disclosed and I would go far enough to satisfy myself that there had or had not been an offence at whatever level it might be. In many cases the irregularity was obviously minor. There had been no really wrongful act performed, and it was not worth while pursuing and I would not pursue it, but any case which looked suspicious to me I would pursue it.

Q. Let us take the example of Wallis House, item 2 on page 1. You indicated that was one of those where you were satisfied that no culpable neglect or misconduct has occurred. Did you inquire however in fact up to what rank the knowledge had extended that an appropriation of \$35,000 had been built up to the extent of \$170,000 without authority?—A. That question is difficult to answer in that it seemed obvious that the knowledge that the work was being done extended to a very high level. It was a very extensive work. It was done openly. Nothing was hidden, so obviously the knowledge that the work was being done did extend to a high level. On the other hand it is difficult to determine to what level the knowledge that the work had not been officially or formally approved extended.

Q. How far did you find that the knowledge that the work was proceeding extended? You say to a high level. How high?—A. I did not investigate that, sir, because the only thing I was interested in was to what level the knowledge that there had been no approval for the work went—the active knowledge.

Q. Can you give us the information on that second point, Brigadier Lawson?—A. As far as I could ascertain it was only the officer actually doing the work, in charge of the work, who realized that he did not have official approval for the work.

Q. And his rank was lieutenant?—A. Captain.

Q. You are satisfied he was fully aware that he did not have proper authority for the expenditure in excess of \$35,000?—A. I am satisfied he was aware of that. I concluded that he had good reason for going on with the work. In other words, that what he did was not culpable.

Q. And that is the reason you recommended it in his case?—A. That is right.

Q. What about inspections in that case? Did your investigation carry you into inspections carried out on the premises or tests or inspections of proper observations?—A. No, not necessarily, sir, unless it was a case of which I was suspicious and wanted to have it looked into very carefully. But in the ordinary case, when I looked into it and decided there was nothing questionable, it would not carry me that far.

Q. So in this particular case you did not examine any inspectors' reports?—A. I cannot recall having done so. There were a hundred and fifty-five cases and I do not recall having done so.

The CHAIRMAN: Now, Mr. Decore.

Mr. DECORE: I am not clear whether you meant there were six officers who were released, or six instances wherein the officers involved were released.

The WITNESS: There are just six instances in which the officers involved have been released, that is, a total of six officers.

The CHAIRMAN: Now, Mr. Applewhaite.

By Mr. Applewhaite:

Q. When you used the expression "released", does that mean that those officers have been let out, or that their term has come to an end for perhaps some legitimate reason?—A. It means that they are no longer with the services, that they are back in civilian life.

Q. Why? If some of those six officers to which you referred had been privates, would they have received their honourable discharge or would they have been cashiered?—A. No. They have not been cashiered in all cases.

Q. I think this should be made very clear.—A. There are, of course, the three Petawawa cases where they were given a dishonourable discharge.

Q. I think after the statement that the witness has made, if any of these six officers are no longer within the service for some perfectly legitimate reason because they were over age or something of that sort, we should know it. How many of those six officers were released because there is something against them?—A. There are the two cases about which I have promised to give further information.

The CHAIRMAN: Mr. Fleming only wanted to get the ranks of the officers. You gave him the ranks of those two officers. You said one was a captain and one was a lieutenant.

Mr. FLEMING: There was the point, Mr. Chairman, as to whether their departure had anything to do with the irregularity referred to in Exhibit 1. The witness was going to look into that.

The CHAIRMAN: Without giving the names.

Mr. FLEMING: Yes. He is to give the information with respect to those two officers but without giving the names.

Mr. APPLEWHAITE: May I know if some of those six officers are no longer in the service for reasons which cast any aspersion on them?

The WITNESS: I will have to obtain that information for you. I have not got it now.

By Mr. McIlraith:

Q. You know that three of them are in jail, do you not? Take the case of Brigadier Connelly. He was released, according to the witness, as I understood it, for reasons related to the case at Regina.—A. I said that had some bearing on his release.

Q. Was he given a discharge, or did he retire honourably on his regular pension?

The CHAIRMAN: He is not out of the service.

The WITNESS: Brigadier Connelly is not out of the service yet. He is on retirement leave, and his pension rights have not yet been determined.

The CHAIRMAN: Now, Mr. Henderson.

By Mr. Henderson:

Q. What about the other officers of junior rank? Would they get retirement leave?—A. All officers get retirement leave if they are entitled to it.

The CHAIRMAN: One minute! Mr. Henderson.

Mr. HENDERSON: With respect to these other two officers you mentioned, the captain and the lieutenant, were they pensionable or not when released?

The WITNESS: I cannot answer that.

The CHAIRMAN: Just the two. Do you want the answer?

Mr. HENDERSON: Yes, just the two.

Mr. WRIGHT: How long is an officer entitled to retirement leave?

The CHAIRMAN: He does not know. He will find out for us.

The WITNESS: He is entitled to 30 days leave for every five years of service.

Mr. WRIGHT: You say that Brigadier Connelly went on retirement leave as of what date?

The CHAIRMAN: He said he is still on retirement leave.

Mr. WRIGHT: I asked what date he went on retirement leave.

The CHAIRMAN: I think this incident was publicized. If he has not got it, I should think that everyone else in the country must have it. Now, Mr. Macdonnell.

By Mr. Macdonnell:

Q. You said that the captain concerned with the workings had a good reason. Those were your words, a good reason to believe that the thing would cease. I was not quite sure what you meant by that.—A. I do not recall saying that he had any reason to believe that any difficulty there would cease.

Q. I took down the words "good reason"; and that was the sense of what I understood you to say; that he had good reason to believe that what he was doing would not be questioned.—A. My basis for saying that was that it was a project that was obviously necessary. It was a very urgent project. The work, as was explained by a former witness, would be done something like this: They would tear down a wall, and they would find after they had torn it down that the wiring needed to be fixed and that the pipes needed to be fixed. It would have been uneconomical to let the thing stand, and to allow the men to stand around while they waited to obtain official approval. He knew that they had to fix that place up so it could be used as a recruiting centre and as a reserve armoury, and he went ahead with the work in the most economical way and in the speediest way.

Q. Again I come back to it. I inferred from what you said before that he was not taking the whole of the responsibility on himself.

The CHAIRMAN: Mr. Macdonnell, I think he said that the officer with the highest authority was that captain, whoever he was, and he gave his reasons for it. It is quite possible that someone may believe that the captain took the chance of having to pay for it himself.

Mr. ADAMSON: Did the captain report to the adjutant-general, or to the chief of the general staff that the cost was running away in excess of the estimates?

The CHAIRMAN: He said earlier that they did not know about it.

The WITNESS: No, I did not know it.

Mr. APPLEWHAITE: Did anyone ask North Koreans to stop the war while we caught up with our paper work?

The CHAIRMAN: Has anyone any more questions to ask?

Mr. PEARKES: Are these six officers who are now released pensionable? Are they on pension or not?

The CHAIRMAN: That will be answered. It has been asked and he will have to report to us on that.

Mr. PEARKES: It was asked?

The CHAIRMAN: Yes. That was a question. It is very hard to hear. Have you a question, Mr. Fulton?

By Mr. Fulton:

Q. Yes, I wanted to be quite clear that in a case of an adverse report on either an officer or anyone below the rank of officer it would be regarded as a disciplinary action. Would that be so?—A. No, it would not. When I say "disciplinary action" I mean the formal laying of a charge and a trial.

Q. You did, however, refer to the possibility of adverse reports being used on this occasion. Can you tell us whether there were any cases of adverse reports against the personnel involved, that is, previously, or in addition to those cases where formal disciplinary action has been taken?—A. No. I did not examine the files of the individual officers and men concerned.

By Mr. Herridge:

Q. I would like to ask one question. Why is it that in some cases a court martial is held and in other cases there is a civil prosecution?—A. That is a matter of policy. As you probably know, civil courts have paramount jurisdiction under our military law.

Suppose a man in the army commits an offence. If it is a civil offence, then the civil courts can take him and try him, irrespective of what the military courts might want to do. Suppose a man commits a theft, a soldier steals something from a comrade in the barracks. The civil courts can try him on a charge of theft. But he can also be tried by a military court for an offence under the National Defence Act.

The CHAIRMAN: In addition?

The WITNESS: No, not in addition. If the civil courts try him, that is the end. The military courts have then lost jurisdiction.

Mr. HERRIDGE: Suppose the military court has tried him and sentenced him?

The WITNESS: The civil court still has jurisdiction. That is what I meant by saying that the civil courts have paramount jurisdiction. But the civil courts in exercising jurisdiction would take into consideration any sentence awarded by a military court.

Mr. HERRIDGE: Thank you.

By Mr. Decore:

Q. Can the military court enforce the payment of damages, for instance, where an article has been stolen?—A. We have two means of collecting money. First of all, the court can award a fine. That is a punishment which the military court can award.

Q. Can they enforce a claim for damages?—A. You mean for an individual?

Q. Yes.—A. No. Just for the Crown, not for an individual.

The CHAIRMAN: I wish these lawyers would not come here for legal advice.

Mr. HERRIDGE: I am not a lawyer.

Mr. FULTON: Who would be able to tell us in how many cases there were official adverse reports or comments made in connection with any of the personnel involved in these instances?

The WITNESS: That would involve an examination of each individual's file.

The CHAIRMAN: Mr. Fulton, I think it is fair to assume from the evidence that has been given here by anyone who wants to may make an assumption that the army was not severe in its sanctions, and that there was very little by way of disciplinary action. I think that is a fair assumption.

Mr. FULTON: I want to make it clear that he is only using the words "disciplinary action" in the sense of a charge.

The CHAIRMAN: In the military sense?

Mr. FULTON: In the technical sense. He is using them in the technical sense. And I was concerned rather with what formal action, or what disciplinary action had been taken to make certain that those involved in these irregularities did not repeat them.

The CHAIRMAN: That is one of the things we might talk about.

Mr. FULTON: Might I ask Brigadier Lawson if he is in a position to say whether there has been any at this time?

Mr. DICKEY: Surely that would be a matter which would be for the individual's personal file.

The WITNESS: That is right. We would have to examine the personal file of everybody concerned.

The CHAIRMAN: Thank you, Brigadier Lawson. Now, gentlemen, it is a quarter to one. We have had a good morning. I have got Mr. Armstrong here, but he might take more than fifteen minutes.

Mr. DICKEY: It would be nice if we could start on construction and perhaps he could get through in fifteen minutes.

The CHAIRMAN: Very well.

Mr. E. B. Armstrong, Assistant Deputy Minister of National Defence (Finance), recalled:

The WITNESS: Mr. Chairman, there were a number of questions asked at the last meeting, Mr. Applewhaite asked with respect to item No. 1, relating to No. 11 Vancouver, page 18 of Exhibit 1, the value of the tools that were not recovered.

An enquiry of the command with respect to this question has disclosed that there were two employees by the name of "F. Evans". One of these, a tradesman, had 14 tools on loan to him to carry out his duties. The other one, a fireman, had no tools on loan to him. It was the fireman who died and apparently by reason of these two men having the same name, the auditors concluded that the man who died had the tools on loan. This was not the case. The tools in the possession of the tradesman, Evans, are still in his possession. No tools have been lost. I am going to have this inquiry pursued in the command to be sure they have not the right answer. Now, if there is any change in this answer I will bring it along at a later date.

Mr. Fulton asked whether there had been an ordnance inspection report on No. 5 works company, Quebec. There was such an inspection August 11 to September 15, 1952. Would you like the information on it?

By Mr. Fulton:

Q. I think the question was what steps had been taken to make sure that the situation previously reported had been cleared up. However, tell us in summary what the investigation disclosed.—A. The inspection disclosed, first of all, military strength, they reported an establishment of 58 and the strength was 43. On deficiencies and surpluses, this is stocktaking, they reported deficiencies of \$3,205.81, and surpluses of \$4,238.86. The grading of the unit was fair. Their general command ledger and supporting documents for stores were neat and posted up to date, while the mobile transport ledger was untidy and in arrears. A good control of M.P.V. spare parts was maintained. The inspection covered a period of three years.

Q. When Mr. Kidd was on the stand I asked him how it was that ordnance would be making inspection into an engineer works company, and I understood him to say they would deal only with the ordnance inventory in that company. Can you enlarge on that?—A. Every works company, like any other unit, has

its ordnance stores, and the ordnance inspection team inspects the ordnance side of their operations. It is part of the army works services function as a unit to maintain these stores, and when Mr. Kidd is on it he, of course, audits the whole of the army works services, including the ordnance, and their responsibility is to the ordnance stores which they hold.

Another answer to a question of Mr. Herridge. The question was in relation to irregularity No. 9, No. 11 Victoria 1950. This is on page 2 of Exhibit 1. The audit comment on that stated a large number of discrepancies and I was asked to provide information as to what they were. There was one General Electric motor in stock and not on ledger charge; there were two electric motors which were on charge but could not be located, and a check of 22 items of paint and plumbing supplies revealed six surpluses and five deficiencies.

Mr. Wright asked a question in relation to irregularity No. 11, page 24, No. 6 Halifax 1951, which referred to five work orders not being approved by the works officer and whether I could provide him with the detail of those works orders. We have inquired of the command and have been able to identify three of them only. They are: miscellaneous maintenance work on a barrack building, \$537.72; maintenance work on forts, \$60.35; and another one for maintenance work on forts, \$206.55.

Mr. Wright asked in relation to the item on page 31 of the Exhibit, on irregularity No. 13, No. 12 Regina, I think it was, what the total cost of the project amounted to. The total cost of the project, works and stores, \$12,539.27; contracts, \$72.10; labour cost, \$12,000; total cost, \$24,611.37.

Mr. Fleming asked for the names of the suppliers of refrigerators.

The CHAIRMAN: Mr. Fleming, this is a full page of names. Instead of reading it we will put it on the record at this stage.

Agreed.

NUMBER OF DOMESTIC REFRIGERATORS PURCHASED SINCE 31ST MARCH 1950 FOR ARMY WORKS SERVICE

No. of Units	Totals	Size	From Whom Purchased
1		3 cu ft	Hudson Bay Co.
1	2	3 cu ft	Genser & Sons Ltd
458		6-7 cu ft	Frigidaire Products Ltd
960		6-7 "	Kelvinator of Canada Ltd
5		6-7 "	McLennan, McFeely & Prior
2	1425	6-7 "	Vendry Inc.
887		7-8 "	Frigidaire Products Ltd
1		7-8 "	General Steel Wares
2		7-8 "	McLennan, McFeely & Prior
1		7-8 "	Northern Electric Co.
1	892	7-8 "	Canadian Westinghouse Supply Co.
114		8-9 "	Frigidaire Products Ltd
485		8-9 "	Canadian Westinghouse Supply Co.
8		8-9 "	Gilson Ltd
1		8-9 "	McLennan, McFeely & Prior
3		8-9 "	Vendry Inc.
2		8-9 "	J. H. Ashdown Hardware Co. Ltd.
2	615	8-9 "	Northern Electric Co. Ltd.

No. of Units	Totals	Size	From Whom Purchased
3		9-10 cu ft	Frigidaire Products Ltd
3		9-10 "	Canadian Westinghouse Supply Co.
1		9-10 "	J. H. Ashdown Hardware Co. Ltd.
2		9-10 "	Canadian General Electric
1		9-10 "	Kelvinator of Canada Ltd
4	14	9-10 "	Gilson Ltd.
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Mr. FLEMING: There was one question on that. Is that for the army only?

The WITNESS: That is for the army only.

The CHAIRMAN: Army works services?

Mr. McILRAITH: No, for the whole army.

The WITNESS: This would be all the refrigerators for the army but not for the other services.

By Mr. Fleming:

Q. That is what I understand. Does it cover all the army?—A. That covers all the army.

Q. And what is the period?—A. March 31, 1950 to date.

Mr. STICK: You won't get headlines in the papers tonight!

The CHAIRMAN: There is nothing new there, it is just the names of the firms. You can give it if you wish.

Mr. FLEMING: Let it be printed.

The WITNESS: General Pearkes asked me to obtain detail of the various recommendations for increases in establishment, and so on, at Halifax and Ottawa. That involved an extensive search of files and we have not completed that as yet. That information will have to be supplied later.

Mr. FULTON: I made a slight enlargement in the request at that time, which will be found on page 257, at the bottom, so when you are dealing with General Pearkes' request you could also include that.

By Mr. Pearkes:

Q. Could you have that information for next week?—A. I will get it as quickly as it can be got, but all the files have to be searched.

Q. What we really want is a general review of demands that were made by the units. We are not particular about the actual wording of the request, but we want to get a general idea of the demands which were made by the units either to higher military authorities or to the Civil Service Commission. Could you get that information for next meeting?—A. I will endeavour to get that for the next meeting.

Mr. BENEDICKSON: This reference to the next meeting—I was hoping we could probably get on to defence construction at our next meeting. I see the men here waiting. It involves millions and millions of dollars and that was the next item on our agenda. I think we could get answers to these questions just as rapidly as they can be produced and be filed with the committee.

The CHAIRMAN: That is what they mean. Mr. Armstrong does not have to be here as long as he gets the answers before the committee as quickly as possible.

Mr. PEARKES: I would like to draw your attention to the fact that we now have finished the review of the Currie Report and its appendices. We shall be

going on to something quite different, but I hope we can clear up this matter regarding the establishment and the requests before we do go on to something else. It is possible that as a result of the information which Mr. Armstrong will supply it might be necessary to call further witnesses or to ask for additional information. I think it would be a great pity if we went on from here at this stage to the discussion of these other equally important things, but I do think we want to clear up the Currie Report and be done with that before we go on to anything else.

Mr. McILRAITH: Do I understand General Pearkes to say that we are not to touch defence construction until we have all these answers?

The CHAIRMAN: No. General Pearkes indicates to the committee the importance of the questions that he has asked and how it relates to what we already have been doing and that answers should be provided as quickly as possible.

Mr. PEARKES: We will clean up the Currie Report before we go along with the other business.

Mr. McILRAITH: You say "before"?

Mr. PEARKES: It may be that there are a few other answers that are necessary before we have completed everything in connection with the Currie Report; I am not sure.

Mr. ADAMSON: There is one question I asked on refrigerators. How many refrigerators—

The WITNESS: That was answered at the last meeting.

Mr. DICKEY: Mr. Chairman, I would like to be clear as to exactly what the program is. Now, as I understand it, we are to go on to defence construction next meeting, but General Pearkes has raised the point that he does not want to go on to construction before he gets the answers to his questions.

The CHAIRMAN: No.

Mr. McILRAITH: He used the word "before".

Mr. PEARKES: I do suggest that the ordinary way to proceed is to clear up one piece of business first of all. It seems we have almost covered all of this Currie Report but I want a little more information which can be obtained at the next meeting. There is no question about that.

Mr. McILRAITH: I understood there was a question whether it could be obtained for Tuesday and I was asking if it cannot be obtained by Tuesday is it your wish we do not meet on Tuesday but wait for the answers? There is the point.

The CHAIRMAN: I have an advantage over you people in that I understand General Pearkes better. I know exactly what his orders mean and I carry them out. Don't worry about that.

Mr. PEARKES: Thank you, Mr. Chairman.

The CHAIRMAN: We are going to get the answers as quickly as possible.

Mr. DICKEY: What I want to avoid is coming here next Tuesday to discuss construction and find we are not going to be permitted to proceed with a discussion on construction.

The CHAIRMAN: We won't disappoint you. The witness has another answer.

The WITNESS: There are three other questions. Mr. Fulton asked, are there any reports into the administration and accounting methods in the department with reference to the army works services or the administrative set-up of the department generally prior to the Currie Report and after March 31, 1950. I take it, Mr. Fulton, that you had in mind anything other than the normal internal audit report, and that sort of thing. There have been no reports of that kind.

There were two more questions, but I have not got the answers.

Mr. HENDERSON: I have a question to ask in connection with the Currie Report. It may be that this answer has been given, but if it has it would be easy to give it the second time. The Currie Report contained 44 recommendations, and of the 44 recommendations how many have been adopted by your department and when, how many have been declined, and how many have you got under consideration at the present time?

The WITNESS: I do not think it has been answered by myself and I think in order to give the committee an up to date complete summary in answer to your question I should be given a little delay.

The CHAIRMAN: There is a motion to adjourn.

The meeting adjourned.

Canada. Defence Expenditure,
Special Committee on, 1952-53

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HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament
1952-53

SPECIAL COMMITTEE
ON

DEFENCE EXPENDITURE

Chairman: Mr. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 12

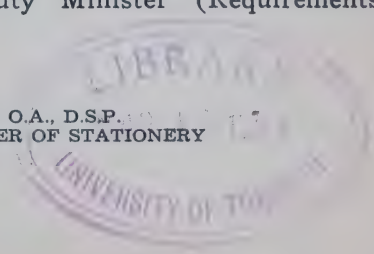
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report

TUESDAY, MARCH 10, 1953

WITNESSES:

Mr. B. B. Campbell, Assistant Deputy Minister (Real Estate Adviser).
Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements)
Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953



MINUTES OF PROCEEDINGS

TUESDAY, March 10, 1953.

(14)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Power, Stick, Thomas and Wright.—(25)

In attendance: Messrs. H. A. Davis, W. R. Wright and B. B. Campbell, Assistant Deputy Minister (Real Estate Adviser), Department of National Defence.

The Chairman tabled answers to questions of Messrs. Fleming, Wright and Herridge relating to:

1. Dates of reports at Camp Petawawa,
2. Cost of logs cutting at Camp Petawawa,
3. Disposal of surplus assets by Army Works Services.

Ordered,—That the above answers be printed as appendices (*see appendices Nos. 15, 16 and 17 to this day's evidence*).

The Committee proceeded to consider item No. 2(1)—namely construction—(*see second report of Sub-Committee on Agenda—page 77—No. 4—printed minutes of proceedings*)—Acquisition and leases—land and buildings at Esquimalt, Rocky Point and Gagetown.

Mr. B. B. Campbell was called. He read a prepared statement and was briefly questioned.

Mr. Campbell was retired.

Mr. H. A. Davis was called. The witness read a statement on the general major construction program of the Department of National Defence and was examined at some length. He undertook to provide specific information for Messrs. Pearkes, Fulton, Harkness, Fleming and Adamson.

Questions dealing with certain aspects of the construction program were referred to Defence Construction (1951) Limited and to Central Mortgage and Housing Corporation.

At 1.05 o'clock p.m., the Committee adjourned until Thursday, March 12, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

MARCH 10, 1953.

The CHAIRMAN: Gentlemen, when we adjourned last Thursday there were six unanswered questions by Mr. Armstrong. I am tabling now the answers to three questions—one by Mr. Fleming, one by Mr. Wright, and one by Mr. Herridge.

Mr. FLEMING: Why not give the answers now?

The CHAIRMAN: The one asked by Mr. Fleming deals with the dates of the audit reports on the works company at Petawawa?" And the answer is "The 17th of June, 1949 and the 19th of July, 1951". The other answers are much longer, the members interested can have a look at them.

(For complete answers see appendices.)

The CHAIRMAN: Now, we have before us this morning, Mr. B. B. Campbell to deal with the next matter on the agenda which is acquisition and leases—land and building and particularly with reference to Esquimalt, Rocky Point and Gagetown.

May I just say to the members of the committee, we are now entering upon the construction aspects of the defence department. There are some 871 contracts involving more than \$250 million. No one expects us to deal with all these contracts, it would not be possible, but I do think it offers this committee a real opportunity at fact finding. I am inviting the committee to do some digging—and, a little bit of fishing, in order to be able to obtain facts from which we can come to conclusions at a later time.

Mr. Campbell, has a statement which will give you some background and after he has finished with the statement then you can question him on it. Then we will enter into the detailed portion of our agenda.

Mr. APPLEWHAITE: What is Mr. Campbell's official position?

The CHAIRMAN: You will have it in just a minute. I have copies of the statement available. He will start and copies will be handed around.

All right, Mr. Campbell.

Mr. B. B. Campbell, Assistant Deputy Minister of the Department of National Defence, called:

The WITNESS:

Acquisition of Real Property—Department National Defence

1. I am an Assistant Deputy Minister of the Department of National Defence charged with the responsibility for the Real Property Division and I will endeavour to outline briefly the procedures followed in acquiring real property either by purchase of the freehold or on a limited tenure basis. The real property function is confined to acquisition and, when no longer required, disposal. In addition to acquisition and disposal of property, this division is charged with the negotiations necessary in arranging for public utilities which are not provided for in construction contracts awarded by Defence Construction Limited. A further responsibility of this division, in association with the Judge Advocate General, is the providing of expert opinion in connection with cases scheduled to come before the Exchequer Court.

2. Depending upon the circumstances of each case involving the acquisition of real property either freehold or rental, the actual negotiation may be undertaken by any one of the following agencies:—

- (a) The staff of the Real Property Division;
- (b) Members of the real estate profession acting as agents for the government;
- (c) The Department of Transport (Lands Branch);
- (d) The Department of Public Works;
- (e) Land agencies of the Department of Veterans' Affairs.

3. Generally the decision as to agency is based on a consideration of which agency is most competent to undertake a given negotiation having regard to familiarity and location of staff:

- (a) If there are special circumstances, and particularly those involving detailed knowledge of defence plans, the negotiations are undertaken by the Real Property Division;
- (b) If there are elements of doubt as to value and factors involving technical considerations, and particularly if there is the possibility of reference to the Exchequer Court, the services are sought of the most competent real estate authority available;
- (c) The acquisition of relatively large areas of non-urban lands, such as airfields, are usually referred to the Lands Branch of the Department of Transport;
- (d) Where capital structures in urban centres are involved, the matter is usually referred to the Department of Public Works;
- (e) In the acquisition of smaller non-urban land holdings, where representatives of the Land Division of the Department of Veterans' Affairs are available, the assistance of that department is sought.

4. The certification of a need for a property originates with the uniformed service concerned. When the requirement and suitability has been confirmed by appropriate service and civil authorities, the matter is referred to the Real Property Division for acquisition. Following the application of the appropriate criteria, a decision as to what agency will handle the matter is made.

5. When a property is no longer required, the holding service provides a certificate to this effect and its possible use by another service is canvassed. If the property is not required by any service of the Department of National Defence, it is reported as surplus to Crown Assets Disposal Corporation which corporation checks the possible requirements of other government departments or agencies and has the responsibility for final disposal.

6. The staff of the Real Property Division is, in the interest of economy, kept as small as practicable. Fairly extensive use is made of real estate agents in private practice for the reasons I have already mentioned. In addition, the fluctuations in work load and the difficulties of getting highly qualified permanent staff make this practice desirable.

7. From the foregoing it will be noted that the Real Property Division of the Department of National Defence is providing what might be classed as a professional service, together with the normal administrative processing relating thereto. The maintenance of records and the compilation of returns is currently the responsibility of the armed service concerned.

8. I have endeavoured to give an extremely brief outline of the function of the Real Property Division of the Department of National Defence, particu-

larly in regard to the acquisition and leasing of lands. I should be very glad to enlarge upon the subject if such is the desire of this committee. I will endeavour to answer any questions as best I can.

Mr. STICK: Mr. Chairman—

The CHAIRMAN: I presume you will have some questions of a general nature on the statement. Mr. Stick is first.

Mr. STICK: I want some particular information.

By Mr. Applewhaite:

Q. I want to ask if this witness can tell us is there also considerable acquisition of property on behalf of the Department of Defence Production, or is it all acquired for the Department of National Defence?—A. I would say that no property is acquired except at the instigation of the Department of National Defence.

Q. In whose name is it acquired? Is it always acquired by national defence, or sometimes by defence production?—A. The Department of Defence Production is an agency of the Department of National Defence.

Q. What I am really getting at, is the information which you are going to be able to give us, does that apply to all properties acquired for purposes of national defence, or is there also some acquired through another department?—A. I have not the factual knowledge of properties acquired for other than national defence purposes.

The CHAIRMAN: Mr. Dickey.

By Mr. Dickey:

Q. I just wanted to follow that up. Is it correct Colonel Campbell that all leases acquired for purchase for defence purposes or for all the purposes of the Department of National Defence are taken in the name of the Queen in the right of Canada for the Department of National Defence?—A. Yes, I would say that is the legal interpretation.

By the Chairman:

Q. Just let us be clear on this. Are we clear that if the Department of National Defence wishes to acquire a piece of property by way of lease or acquisition they would do it through you?—A. Yes, in the original instigation of the acquisition, but it may be acquired, the processing may be done later through other agencies as agencies of the Department of National Defence. I may correct a statement I made, the Department of Defence Production is not, except in so far as it is dealing with matters of national defence, it is not necessarily an agent of national defence. In their connection with the Department of National Defence they do so as agent.

Mr. DICKEY: I did not take exception to that.

The CHAIRMAN: You take the initial step as assistant deputy minister for the Department of National Defence.

The WITNESS: The first physical action taken towards acquisition is done through my office.

By Mr. Thomas:

Q. It says in your statement that the staff of the real property division is kept as small as practicable. What is the staff of that division? Is it the same number all the time or does it fluctuate?—A. The present staff consists of myself and four male members of the staff and two stenographers.

Q. That is seven altogether?—A. Yes. I must enlarge upon that. I have an operation in New Brunswick where there is one permanent employee and a number of temporary employees.

By Mr. Boisvert:

Q. Is the Central Mortgage and Housing Corporation an agency of your department?—A. The Central Mortgage and Housing Corporation is an agency of Defence Construction 1951, Limited, in so far as any operation for national defence is concerned. I am unable to give that information officially; it does not come within my purview.

By Mr. Pearkes:

Q. You mentioned that there was some 871 contracts and I think we should have some general background before we go on to a detailed discussion. During the discussions we had in the steering committee I suggested that we have the general policy described to us. I think we need that background before we can go into the details in connection with this real property division. Can the witness tell us the policy in connection with the acquisition of this land. What is behind all the building that is going on, for whom are these buildings being constructed, and why is it necessary at this time to enter into this large building program which you have told us runs into many millions of dollars. If we could get that sort of general review, for whom these buildings are being constructed, and so forth, I think that would help us very much indeed.

The CHAIRMAN: It seems to me that General Pearkes has something. Might I suggest that at this time before we proceed with this witness, I could bring on Mr. Davis who could give us some more background which will be useful in answering some of the questions now presented. We can then recall Mr. Campbell.

By Mr. Applewhaite:

Q. May I ask this witness one question?

The CHAIRMAN: Go ahead.

Mr. APPLEWHAITE: It is part of the same thing. Can you give us a general outline of the considerations on which you decide whether to acquire property outright or to acquire it by lease for a limited period. I know the obvious answer is, well we are only going to need it for a short time, but there must be some general basis on which you decide whether you are going to need it for a short time or for a long time.

The WITNESS: The point you raise is one of the principal considerations. On the other hand, it is what the ultimate cost would be over a reasonable period of time.

Mr. HERRIDGE: I think your suggestion, Mr. Chairman, is a good one. If we got the other witness and got the broad picture we could return and question in detail.

The CHAIRMAN: That was my thought. In that way the committee will have a wider knowledge of what has been going on.

By Mr. Dickey:

Q. The only thing I want to point out is, there is no mystery about this. It is quite obvious that these lands are being acquired for the use of the three services and other parts of the Department of National Defence, but if General Pearkes or anybody else wants a general statement now, that is one way to proceed.

The CHAIRMAN: It occurs to me that Mr. Davis could give us his general statement which would be very useful to the committee.

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements, Office of the Assistant Deputy Minister (Requirements), Department of National Defence, called:

The CHAIRMAN: Gentlemen, this is a longer statment in greater detail. I would ask you to hear it through and then bring on your questions.

Mr. STICK: May I suggest that we number these statements, Mr. Chairman, so that we will know what we are referring to.

The CHAIRMAN: They will be incorporated in the evidence.

Mr. ADAMSON: Would you please give us Mr. Davis' title before he starts?

The CHAIRMAN: Yes. What is your title?

Our witness now is Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements, Office of the Assistant Deputy Minister (Requirements), Department of National Defence.

Very well, Mr. Davis.

The WITNESS: Mr. Chairman and members of the committee, I have prepared a statement which will give in outline the principles on which the defence construction program has been based.

The major construction program has been planned to provide suitable accommodation for the armed forces to accommodate personnel of all ranks, equipment and for training.

The accommodation program provides for the construction of:

Living Accommodation and Messing, which includes:

- Single men's barracks
- NCO living quarters
- Officers' living quarters
- Quarters for female service personnel
- Married quarters
- Messing accommodation.

Under Amenities we construct:

- Chapels
- Canteens
- Physical training and recreation buildings
- Schools and hospitals.

In Technical Buildings we include:

- Fire Halls
- Garages
- Synthetic Trainer Bldgs.
- Armament Bldgs.
- Explosive Storage and Magazine Workshops
- H.Q. Admin. Bldgs.
- Training Bldgs.
- Seaward Defence Projects
- Operations Bldgs.
- Supply Bldgs.
- Hangars
- Drill Halls
- Signal Communications and Radar Bldgs.

The Background is covered for several reasons. It outlines why substantial new construction has been necessary.

The strength of the armed forces had increased.

New stations had to be constructed to suit the postwar employment and provide adequate training facilities.

Temporary wartime structures were deteriorating rapidly and required renovation or replacement.

Improved facilities were required due to new types of equipment, weapons and techniques.

Storage and handling space was required for equipment and explosives including that held for use in case of an emergency.

The combined strength of the armed forces before the war was less than 8,000 all ranks. At that time accommodation was insufficient in quantity and much of it was obsolete—some of it having been built in the early 1900's. After the war the peacetime strengths of the three services, as established in 1946, were increased from the prewar figure to 35,000. For these increased numbers accommodation on a peacetime scale had to be provided.

In the *Navy*—Construction during the war included some permanent buildings in places such as Halifax where there was a known permanent requirement and where the limited space available precluded the use of frame buildings owing to the fire hazard. Temporary accommodation constructed for personnel provided open dormitories with hammock rails and messing in the same space but cafeteria messing was introduced later. Later designs of temporary buildings were improved.

At the end of the war, accommodation for personnel on both coasts was generally of temporary buildings of the earliest type. Reasonably good dockyard and training facilities existed on the east coast. On the west coast operational requirements had not been sufficient to warrant development on the same scale.

For the *Army*—The accommodation constructed during the war consisted of wooden huts with a wall board interior and a wooden and tar paper, or similar siding built on wooden posts. The buildings were of a temporary nature and provided only the most elementary ablution and toilet facilities for "rough living". The type of construction and materials used, coupled with the crowding of buildings in congested areas created a dangerously high fire hazard. The same hutments provided living, messing and recreational facilities.

Judged on a desirable peacetime basis, the accommodation left to the post-war forces was generally of a low standard—approximating the temporary accommodation provided for labourers on construction jobs.

In the *Air Force*—Buildings constructed during the war were generally of sound construction and provided a reasonably good standard of accommodation. These buildings were, however, on foundations which were unsuitable for long term use and by the end of the war they had deteriorated in some cases almost to the point of collapse as a result of dry rot in the timbers.

It was considered economical and practical to renovate most of these buildings on sites chosen for peacetime use. The two-storey barrack blocks which were the best constructed could be renovated to a standard which would give 20-25 years additional life. Where buildings had deteriorated to the point where it was uneconomical to renovate them they were torn down and the usable material salvaged or disposed of through War Assets Corporation.

In *General*—It was obvious, if men of good education and character were to be attracted to a long term military career in the peacetime forces, under a voluntary basis of recruiting and against the counter attractions of industry

paying high wages, that more attractive living conditions must be created through the provision of better quarters, better messing arrangements, and more adequate recreational facilities.

In any case the wartime buildings had deteriorated to the point where their replacement or major renovation was imperative. The only alternative—their maintenance as inadequate low standard accommodation—would have created a constant heavy drain on funds—a recurring and wasteful expenditure year after year offering no worthwhile return.

The Postwar Program

It was therefore decided to undertake a rebuilding program which would provide long term accommodation for the permanent forces. The four objectives were:

- Low maintenance costs.
- Long life and low depreciation.
- Low fire risk, and
- An adequate standard of living.

This program originally was designed to be developed over a 10-year period.

Suitable wartime buildings were reconditioned to last in some cases up to 20-25 years and to supplement new permanent construction. Wartime buildings not suited for long term use were renovated sufficiently to last until they could be replaced by new buildings.

The Effects of Korea and NATO

The considerable upsurge in the strength of the forces following war in Korea together with the commitment entered into under NATO created an immediate accommodation problem the solution of which took three main forms:

First, the rehabilitation of additional wartime buildings for immediate occupation

- in existing camps and stations where strength was temporarily increased to house forces later scheduled to move abroad;
- and at stations previously dormant which had to be reopened (as for RCAF-NATO training program).

Secondly, the provision of accommodation at new locations;

And thirdly, the increasing urgency of the need for the permanent accommodation planned under the long term construction program.

Where strengths were increased at permanent stations it was desirable that the permanent construction be provided as quickly as possible. The permanent construction program previously planned as a long term project was consequently compressed into a relatively short term construction plan extending over a three to five year period.

Scales

The provision of the same scale of accommodation for each service was provided for and inter-service scales were worked out to provide the minimum space acceptable to the medical authorities. For example, the space required per man in a barracks has been established as 80 sq. ft. which may be reduced to half under wartime conditions. This space allows each man to have a reasonable area surrounding his bed and provides for adequate ventilation. The standard design based on these scales of provision provides for 4 men to share a barrack room of 320 sq. ft. with provision of double deck bunks under wartime conditions. Junior NCO's up to and including corporal are accommodated two to a room.

Senior NCO's (sergeants and above) or equivalent and officers up to and including majors are accommodated in single rooms. For officers and NCO's the allowance per person is slightly increased. In both cases the accommodation is capable of double occupancy under wartime conditions. A limited number of officers of the rank of lieutenant-colonel or above are accommodated in 2 room suites with a bathroom. Each room can be used as a standard bedroom as necessary. The number of such suites is very small, about 6 per cent of the number of single rooms. Sanitary facilities are in direct proportion to the number to be served and based on normal civilian design practice. Generally these facilities are grouped in units for general use.

A lounge or common room is provided in the men's barrack blocks. The size is based on the number accommodated with an allowance of approximately 6 sq. ft. per man.

Messing facilities are of the cafeteria-type. Seating is based on one sitting for the normal peacetime complement using 4 and 6 man tables. If mobilization occurs meals can be served in shifts and kitchens are designed to handle twice the seating capacity per hour. Messes are of a standard design and the size nearest to the peacetime establishment of the unit concerned would be selected so that under normal conditions there would be as nearly as possible one sitting. This would provide margin for adequate messing facilities in the event of mobilization when the number of men is doubled in each barracks.

Both NCO's and other ranks are provided with wet and dry canteens and games rooms. The dry canteen is entirely separate from the wet canteen. Officers' mess buildings provide certain lounges and recreational facilities in addition to mess room and kitchen.

Design

Leading Canadian firms of architects and engineers have been retained to design the various types of buildings required. This gives the department the benefit of the best professional knowledge and experience available, and also the benefit of comparative civilian standards and practice. All consultants are instructed to produce the most economical design possible.

Standard plans have been developed on a joint service basis and are in general use. In the case of the navy, limitations of space in the main permanent establishments have made the use of standard buildings impractical, and have resulted in the concentration of living and messing facilities into single large blocks. However, the accommodation provided is in accordance with joint service scales and standards.

Standards of Construction

The governing principle has been to achieve economy in initial cost with a minimum for future maintenance. In all cases, the selection of the type of construction and materials for both exterior and interior use, has been based on these principles, with consideration given to the normal hard usage which occurs in single men's quarters. Careful consideration has also been given to reducing the potential fire hazard to the lowest possible limits.

The standards for the three classes of construction which have been established are:

Class I is permanent, fireproof construction, steel or reinforced concrete frame; concrete floor slabs; masonry or concrete walls; tile partitions, and plastered.

Class I is used by all services in major permanent establishments where local construction conditions permit. Use limited to the level of established peacetime requirements.

Class II is permanent, semi-fireproof construction. Steel frame and concrete floor slabs. Wood stud walls, with transite, or equivalent, exterior finish

Partitions frame and wall board. Stair wells fireproof. It is used only to the level of established peacetime requirements, and it is used in locations where, due to possible difficulties in obtaining materials or skilled labour in trades such as masonry or plastering, the use of Class I construction is considered impractical and uneconomical.

Class III or temporary construction is of frame and is used only to meet peak conditions of a non-continuing nature.

Prefabricated units of various types are used in far northern locations where the cost of standard construction would be prohibitive.

To select the standard of construction most suitable consideration is given to the purpose of the installation. Permanent class I construction is approved for permanent stations up to the scale required for the permanent Active Force together with ancillary buildings necessary for permanent schools and training establishments. Class II accommodation is adopted for the same type of construction as Class I where due to the location or non-availability of material and labour it is not practicable to construct Class I standards without unacceptable delay or cost. Normal Class II construction is approximately 10 per cent cheaper than Class I but it does not eliminate fire risks to the same extent, and also involves slightly higher maintenance.

Temporary Class III construction is 60 per cent to 80 per cent the cost of Class I or Class II depending on the type of building and the extent to which it contains fixtures and fittings common to all three types of construction. Class III construction is only economical where the continuing use of the building is in doubt. Although permanent construction is more expensive initially, the life is longer and there is a reduction in routine maintenance charges as well as a lessened fire hazard.

Mr. FULTON: The text reads "at least twice as long". But I notice you have changed it to "longer".

The WITNESS: I think that is a generalization. It is twice as long but I did read it as "longer", and I would leave it at that. But you can take "twice as long" if you like. That is one of the bases we use.

The CHAIRMAN: Very well.

The WITNESS:

Requirements

Permanent accommodation (Class I or Class II types) is required at locations where the continuing and permanent nature of the station has been determined and care is exercised not to provide this type of accommodation for temporary needs or for anticipated wartime expansion. A considerable degree of wartime expansion is, however, available in the permanent construction by designing facilities capable of "doubling up" in sleeping and messing arrangements.

The temporary accommodation is the additional accommodation required to meet non-continuing conditions or conditions where the permanency of the commitment at the location concerned has not been definitely established. Temporary accommodation is provided for such commitments as the accommodation of forces raised for service overseas, their reinforcements and for the NATO training program.

Technical buildings, including those for administration and training, have been built generally to the same standards of construction as the rest of the station with due regard for the nature of the equipment and function of the building. For example, certain operational buildings housing expensive equipment have been built in masonry although the remainder of the station is in Class II.

The design of technical buildings has provided for the greatest degree of flexibility possible to permit the building to be enlarged or adapted to take future types of equipment.

Married Quarters and Schools

Married quarters were required for dependents of service personnel. As an interim measure single accommodation was converted to emergency married quarters pending the construction of permanent married quarters. Certain single quarters of a higher standard which could be adapted for married quarters were renovated to give a longer period of service and classified as temporary married quarters with an anticipated life of 15 to 20 years.

Designs for permanent married quarters were prepared initially by the services and a number of quarters were built under service arrangements prior to 1948. It was then decided that Central Mortgage and Housing Corporation should take over the construction of permanent married quarters and standard inter-service designs were prepared and agreed with Central Mortgage and Housing Corporation. These have been designed in a number of different types with 2, 3 and 4 bedrooms to meet the requirements of the different kinds of families who occupy them. Multiple dual purpose units were designed also which could be utilized for married quarters under normal conditions but which could be converted readily and economically for single accommodation in an emergency, or which could be constructed initially as single quarters and converted to married quarters when the training or other commitment for single quarters was reduced. This provided added flexibility and overall utilization. For example, at certain RCAF training stations with a NATO commitment, it was possible to provide single accommodation for the multiple dual purpose type which could be converted later to married quarters when the training commitment was reduced for NATO.

Permanent married quarters were in certain cases constructed of masonry particularly where, owing to restricted site locations, it was necessary to build apartment type units as at Tuft's Cove Halifax and in certain of the earlier married quarters built by the services. The standard permanent married quarters constructed by Central Mortgage and Housing Corporation are of frame construction and comparable to similar houses built for the public under National Housing Act. The overall maintenance of these married quarters is likely to be somewhat higher than those of masonry construction but this was accepted in order to reduce the capital investment and also the amount of Class I construction in the overall major construction program.

During the last year 3,000 permanent married quarters have been added to the 8,700 available last year. In addition, 3,350 are under construction or contract and it is planned to have a further 1,500 contracted for up to the end of 1953/54 thus making a total of 16,550 permanent married quarters. The above total of 16,550 plus 3,080 temporary and emergency married quarters still being used will give a total of 19,630 quarters.

Schools—Where local school facilities are not available, it is necessary to provide for the children of service dependents. Dependents' schools are constructed to a standard Department of National Defence design which, with minor alterations, meets the requirements laid down by the Department of Education of the various provinces. Dependents' schools are constructed only where local facilities do not exist and can not be constructed more economically by other methods. Such schools are about the equivalent of the schools presently being built in urban communities across Canada.

Organization

Under the provisions of the Defence Supply Act it is the responsibility of the Department of National Defence to provide the plans and specifications

to meet service requirements and to outline the standards of construction necessary. Major construction is normally the responsibility of the Department of Defence Production (Defence Construction Limited). In certain cases other agencies are utilized, e.g. Department of Transport who construct runways, Central Mortgage and Housing Corporation for married quarters and schools. For certain renovation projects where it is not possible to prepare plans and specifications accurately the project may be carried out by day labour under the supervision of the service concerned. In such cases suitable portions of the work may be let to contract through the Department of Defence Production. Minor construction and maintenance projects are carried out also under the supervision of the services.

Approval of Construction

All construction projects over \$10,000 which can be foreseen when the annual estimates are prepared, are approved in principle by Treasury Board and commitment authority provided in the estimates. Major projects over \$25,000 which were not foreseen at the time the estimates were prepared, require individual submission to Treasury Board and, when approved, constitute amendments to the program approved major construction to the program as authorized by Treasury Board. Unforeseen minor projects under \$25,000 are approved by the deputy minister.

Proposals for construction as received from the Services are reviewed and approved, where appropriate. This review is in accordance with "The principles affecting the relationship of military and civilian elements of Department of National Defence with respect of estimates and the review of expenditure" as outlined in the report of the Special Committee on War Expenditure presented to the House of Commons, Wednesday, 4 June, 1951.

Change Orders

During construction there are occasions when alterations to the plans and specifications are necessary or when engineering conditions at the site require additional work to be done which was not specified in the original contract. Such alterations to the contract are made in the form of change orders.

The number of change orders stems largely from the conditions under which the program has been carried out and the necessity to implement plans without as detailed and full a check as would normally have been possible. A large number of such change orders reflects interpretation of drawings which, on a smaller scale operation, would have been settled locally on the site between the architect and the contractor's superintendent. Owing to the size of the program it is necessary to record and centralize change orders so that problems recognized and dealt with on one site will be automatically brought to the attention of the designer and reflected in similar buildings at other sites. Alterations to standard buildings to suit site conditions have also resulted in unavoidable change orders. For example, when excavation shows an unforeseen soil condition which had not been apparent from the original soil survey, e.g. the supply depot at Namao where it was necessary to excavate and replace a large volume of unsuitable clay soil.

Progress

The major construction program for the Department of National Defence from 1 April, 1950 to 31 December, 1952 amounted to \$757,500,742.00 against which expenditures have been made to a total of some \$316,646,000.00 representing approximately 41 per cent completion. It is anticipated that by the end of the present fiscal year the total expenditure for major construction will amount to \$412,380,000.00 or 54 per cent of the approved program.

In respect of the 1952-53 portion of the total program, and as at 31 December, 1952, construction contracts for the Department of National Defence had been let to a total of some \$339,000,000.00. Of this amount major contracts on which work has begun or will shortly begin totals some 906 construction contracts (excluding married quarters).

Mr. PEARKE: That, Mr. Chairman, gives us a better background than we had before and it seems to me that this building construction is divided into permanent and temporary quarters, quarters Class 1 and Class 2 being of a temporary nature to meet the present situation in the disturbed world. Can we be given a general outline of where the permanent construction goes off, and I want to make it quite clear I am not asking for anything of a secret nature, but just accommodation camps, where they are distributed also an indication of the numbers of men in the three services for whom they are designed to accommodate in the permanent quarters, because I do know, as has been indicated in this statement, that sometimes temporary quarters can be put in places where they have to be pulled down. It is therefore of the utmost importance that we have these permanent buildings located in the correct position. I do not mean every little permanent store, I am just referring to the general permanent stations.

Mr. DICKEY: Perhaps Mr. Chairman, General Pearkes would give us the location of the places that he referred to so that we can deal with these specific instances.

Mr. PEARKE: I do not know. I am asking where the permanent buildings are.

Mr. DICKEY: But Mr. Chairman, General Pearkes said he knew of places where temporary accommodation has been put up and it had to be torn down.

Mr. PEARKE: Yes, under wartime conditions.

Mr. DICKEY: I think that should be clearly understood.

Mr. PEARKE: There are all across the country temporary accommodation and temporary camps which, as conditions changed, were required for peacetime. Take for instance, Tofino and Vernon, and there is a place at Prince Rupert I know of, and that occurred in the ordinary course of events as indicated in this statement.

Mr. DICKEY: Mr. Chairman, I simply did not want there to be any suggestion that there had been temporary accommodation built in this particular program and under the same program has been torn down and replaced.

The CHAIRMAN: You have the impact of the general's question? Is it possible for you to answer it at the moment or will you want to take some time and prepare an answer?

The WITNESS: I could not give an answer to that at the moment, and any answer I could give would be incomplete because there are a number of installations which are classified and which are permanent and they would have to be excluded from the detail.

The CHAIRMAN: But the question was subject to security. He made that quite clear.

Mr. PEARKE: I made that quite clear. In the main they are accommodations used as barrack blocks, and so forth, used as living accommodation. I excluded any living accommodation which would have to be on the site of some equipment which, for security reasons, it would not be considered desirable to disclose, but which could quite possibly be of a permanent nature or it could be of a temporary nature.

The CHAIRMAN: That will be prepared.

Mr. PEARKES: I want the general accommodation of the men, military and air force, and naval establishments across the country with an indication of the numbers which will be accommodated in these various stations.

The CHAIRMAN: That will be prepared as soon as possible. Anything further. It is quite a lengthy statement, gentlemen. At this moment, while Mr. Davis is here, you may have a few questions of a general nature then we will have to consider whether we will revert back again to Mr. Campbell.

By Mr. Wright:

Q. I wonder if the witness can give the percentage of each type of construction—the approximate percentage of Class 1, Class 2 and Class 3?—A. I could not give you that offhand. We could prepare it for you in detail but it would be without value as a percentage.

Q. It is indicated in the statement that Class 1 is more permanent and less expensive to keep up and I was wondering what the general policy of the department was in regard to percentage of Class 1 construction, Class 2 or Class 3 construction. Have you any policy as to percentage and how you build these constructions?—A. The percentage would follow from the requirement. We would have to analyze the requirement of any location and if it was to be of a permanent nature the installation would be either Class 1 or Class 2. We would decide as between Class 1 and Class 2 depending on the location and possibly the volume of work which was being carried on in that area. There is for instance, Cold Lake. The station there has to be a permanent station, but it is being constructed in Class 2 construction because of the location and the remoteness from areas where skilled labour is readily available, but there is no overall percentage which we limit ourselves to for any type of construction.

By Mr. Herridge:

Q. Mr. Chairman, just a couple of questions I want to ask Mr. Davis. Could he tell the committee about the average cost for providing married quarters for each family and the average cost per soldier for providing single quarters, that is sleeping and messing accommodation?—A. Costs are actually prepared in detail by the agency which executes the project which would be in most cases Defence Construction 1951, Limited. Our share of the cost is in keeping a control over the estimated cost of the project and in obtaining commitment authority to cover it. For example, in married quarters we are limited generally in permanent married quarters to a ceiling of \$12,000 per unit. Now, the actual cost the various married quarters—five types—is prepared for us by C.M.H.C. and Mr. Mansur would be the one best able to give you details of the cost of these various types which is changing constantly as new units are added and the average is adjusted.

The CHAIRMAN: Mr. Johnson of Defence Construction will be a witness here and he will be able to give you that information.

By Mr. Thomas:

Q. According to the statement here there are 19,630 quarters for married quarters at the present time. What is the estimate of how many are needed under the present conditions? What is the shortage if any?—A. The overall requirements have not yet been established for married quarters. It will depend on the location of the forces and the employment to a certain extent.

Q. You have no estimate?—A. We have no overall figure yet on what the requirement of married quarters will be.

Q. Do you have one of the present requirements?—A. No. The present requirements are under review and consideration, and as requirements are established definitely we obtain approval for these and go ahead and add them to our program.

By Mr. Fulton:

Q. I would like to ask a question relating to the last two paragraphs on the last page of the statement by Mr. Davis. I do not know whether he can give the answer or not, but if he cannot I would appreciate the answer later. You say the major construction program for the Department of National Defence from April 1, 1950 to December 31, 1952 amounted to \$757,500,742 and you give us the figures of expenditure made to date on the project for the end of the year. Can you tell us whether this first figure of \$757,500,742 represents the amount provided for and raised in the main estimates within the period under review and if so, since the figure given there exceeds the amount of expenditure by approximately \$400 million, is there a fund or any reserve now on hand out of which the final authorized cost will be met?—A. Perhaps I should have explained that this \$757,500,742 is commitment authority which enables the department to plan and arrange contracts for major construction up to that amount. The amount provided under the estimates for any year would be the estimated expenditure during that year against those approved projects.

Q. So that are you in the position to tell us immediately whether or not the estimates for the last three years have provided for the total for which you have commitment authority of \$750 million?—A. I would say that they have not. They have provided for the anticipated cash expenditure during these years against this total commitment authority.

Q. Then your answer would be that so far as you know we have only authorized through the estimates to date this second figure of \$316 million?—A. No, the amount that would be authorized would be the amount that we anticipated we would be able to spend up to the end of the fiscal year.

Q. Then it is \$412 million?—A. No, at the moment this \$412 million is our reading at three months before the end of the year. The amount we estimated last year, that we would be able to spend would not necessarily be this \$412 million. It would be the best estimate we could obtain based on our past experience.

Q. Could you get for the next meeting figures showing what amounts have been raised in accordance with the estimates of each year up to the end of this fiscal year so we can get an idea of what amount will be required to be raised to meet the eventual cost of the program—that is the \$757 million figure which you used here. And, also, whether there is in hand now any fund or funds which constitute a reserve which could be applied against that balance of cost. I do not know whether I have made myself clear?—A. Yes, I see what you require. I can tell you that as far as the balance between the \$757 million and the \$412 million is concerned, that we would ask for in the next year that portion which we anticipate we can spend over this next year, which would not necessarily be the full amount, because we know that some of this program will be extended over two or three years. To the best of my knowledge we only estimate actual expenditure one year at a time against this approved program. But I will find out for you the amounts which have been allotted under each of the last three years. That is for the major construction program, is that so?

Q. With a total of those amounts up to the end of this fiscal year so we can have an idea of what further amount will be required to be raised?—A. That, if I may say so, will not give a picture which would be of any use to you, because if you take any year, we estimate that a certain amount would be required for expenditure in that year. Now, if our agents are not able to spend that amount then at the end of the year we have to write that off and we allow in the carry-over for the balance of the program in the following year, so that I do not think the sum of the three years as provided in the estimates would necessarily bear any relation to the amount of work which was actually completed in these three years.

Q. I can see the point but I would like to have that information so that we can set the two side by side and compare them—the amount you have asked for and which has been raised or authorized through the estimates on one hand, and on the other hand the amount that will still be required to be raised through the estimates in order to complete the \$757 million program in order that that may be divided over one or more years. It is the balance remaining to be physically provided for that I am interested in.

By Mr. Macdonnell:

Q. Can I ask a supplementary question relating to Mr. Fulton's question? Am I right in thinking that this figure of \$316 million and \$412 million are cumulative figures. That is the \$316 million comes down to the end of the fiscal year 1952-53 and the \$412 million then goes from the end of the fiscal year 1953-54?—A. No, that is not correct. The \$316 million was the information that had been given to us of actual expenditure which had been incurred against this \$757 million up to the end of the year, 31st of December, 1952.

Q. Well I will change my question to that extent. You say it is anticipated that by the end of the present year—or do you mean the government's fiscal year?—A. The fiscal year, that is to the 31st of March. We estimated that the expenditure against the \$757 million will have risen to \$412 million.

Q. Well let me change my question slightly. Am I correct in saying that the expenditure, subject to the variations you have mentioned, from the 31st of December, 1953 to the 31st of March, 1954 will be the difference between the \$316 million and \$412 million?—A. The difference in expenditure between the 31st of December 1952 and the 31st of March 1953 would be that amount.

By Mr. Harkness:

Q. That is a period of four months?—A. There is one reason why that figure is larger than you might think. Bills come in after the actual date of 31 March and they are paid against the current financial year for a certain period providing they have been raised before the 31st of March, whereas at the 31st of December we took the actual payments that had been made and reported to us which may have been actually only those raised by some date previous to that, so the amount mentioned would not cover only the actual three months period, but four or five months.

Mr. FULTON: The other question I have—I do not suppose Mr. Davis can give us the answer but some other witness would have to come to give it—but I would like a detailed list of all construction contracts covered in this review, again subject to the same limitations of security—I want to make that perfectly clear—of all construction contracts covered in this review which have been let on either a cost plus basis or on a firm price basis.

The CHAIRMAN: Slowly, please he is trying to write it down. Mr. Johnson will deal with that. That is the Department of Defence Construction.

Mr. FULTON: Do you want me to put it in the record.

The CHAIRMAN: Witness cannot answer it now.

By Mr. Harkness:

Q. On page 7—change orders—you say “alterations to the contract are made in the form of change orders.” I presume in every case there is a change order and that results in an extra amount above the original contract being paid to the contractor?—A. No, in certain cases it may mean a saving.

Q. A saving?—A. Yes.

Q. Could you give us a list showing the contracts in which there has been one of these change orders, and showing what the increase or the decrease

as a result has been?—A. There are several thousand contracts and there would be a number of change orders in each building and in each contract so that it would probably be of more value if, later on, when you come to analyse certain stations, which I understand you will be doing, you could refer to any one of them that you like and we could obtain the details of that contract for you. Actually, these will be, referred to Defence Construction Limited who are the ones who control that portion of the work.

The CHAIRMAN: Would you be satisfied, to limit your change orders to those at Penhold, Namao, Churchill and Rocky Point? Would that not give you a cross section?

Mr. HARKNESS: I would agree to limit it to that in the meantime, but it may well be that we would want to get the same thing in other places. However, I would agree to having that produced immediately. It seems to me that this goes to the root of a great number of complaints which we have heard and received of costs being very greatly exceeded in regard to various projects. That is why I think it is important that we should have the number of instances in which change orders have taken place, and I would think that, without giving it for each contract, you might produce to the committee the total number of instances in which these change orders have been made just as a bulk figure and the total amount by which the contracts have been increased as a result of those orders, or the decrease, as the case may be.

Mr. DICKEY: I would like to say, Mr. Chairman, before the witness answers, that it would also be very helpful if the members of the committee who make statements such as the last member has just made, regarding having received a great number of complaints—if they would make those complaints known so that they could be dealt with on an individual basis.

The CHAIRMAN: Gentlemen! I was listening very carefully to the question and I could see no objection to it.

Mr. DICKEY: I had no objection to it.

Mr. FLEMING: Then why are you taking objection?

Mr. DICKEY: I am simply saying that if the people who make these general statements would only particularize them—

Mr. FULTON: Do not worry. They will be produced.

Mr. DICKEY: We have been waiting for months now.

The CHAIRMAN: I asked them to start digging for statements.

Mr. HARKNESS: Can the witness produce those bulk figures which I have asked for?

The WITNESS: It is not the responsibility of the Department of National Defence and we would have no records from which to give you those figures; but such as you want could be obtained, I believe, from Defence Construction.

The CHAIRMAN: I shall ask Defence Construction when they come forward as our witness.

Mr. DICKEY: That, Mr. Chairman, is subject to the physical possibility of their being prepared.

The CHAIRMAN: Yes.

Mr. HERRIDGE: Mr. Chairman, Mr. Dickey is not telling this committee what information we will be able to get, is he?

The CHAIRMAN: No. Mr. Dickey merely indicates that this is quite an arduous task.

Mr. DICKEY: And it is a matter which the witness who is responsible for it will have to deal with.

The CHAIRMAN: They are quite agreeable to that. There are no reservations, gentlemen.

Mr. FULTON: There was a certain attempt, not by you, Mr. Chairman.

The CHAIRMAN: No, no. We are groping a little this morning to find out what information is available and Mr. Dickey is helping us.

Mr. APPLEWHAITE: I would like to do some groping, when he gets through.

The CHAIRMAN: You will have to wait until Mr. Fleming has finished.

By Mr. Fleming:

Q. Mr. Chairman, dealing with the final subject, namely, progress, is it quite clear that the department has allocated the funds for those projects that it desired to undertake and which were described in your report this morning?

—A. I do not think that is a question which I am competent to answer.

Q. I am dealing with the subject of progress in connection with the projects mentioned here and I take it that you have had at all times ample funds with which to carry out the projects which are outlined here.—A. Well, before we put across a project to Defence Construction Limited we have to have, before hand, the necessary funds covering the estimated cost of the project, as estimated by us and checked by Defence Construction Limited or their agents.

Q. We can put aside the question of money as being a factor in progress, I take it; but is the department—and I presume you are the most competent person in the department to answer—is the department satisfied with the progress made?—A. I think it is true that while for a variety of reasons a number of construction projects have not been completed as soon as the original plans called for, the length of the delay will vary in each case. Some delays have been due in part to difficulties encountered in the preparation of design, as a result of a shortage of skilled staff, and of the changing or expanding requirements. Other delays have resulted from a shortage of critical materials and labour, and they come within the province of the department of defence construction. But it can be said that progress in construction has been of sufficient proportion so as not to interfere with our meeting our international obligations on time, as we have done; and while adjustments within the program may have been necessary, and while it has not always been possible to provide accommodation of the most desirable kind at the outset, it is true to say that the rate of recruitment and training of personnel has not been held up by delays in the construction program.

Q. You mentioned certain factors which led the department in certain circumstances to take a lenient view. Let us dwell on that question for a moment. To what extent have delays not explained by these factors occurred, and what has been the policy of the department when delays of that kind have occurred?

Mr. HUNTER: Delays of what kind?

Mr. FLEMING: It might be the fault of the contractor. We have had a number of reasons. I think Mr. Hunter must also have heard what the witness said about shortages of materials and so on.

Mr. HUNTER: I do not follow your question.

Mr. FLEMING: Mr. Chairman, surely I am not required to submit my questions in advance to Mr. Hunter! Probably there would not be many of them asked if I did.

Mr. HUNTER: It might improve them if you only would.

The CHAIRMAN: He was explaining his question and giving a reason why he asked for information. Let the witness answer.

The WITNESS: The causes of delay are different in each case. Certain of those causes are the responsibility of the Department of National Defence while others are outside our control and outside our detailed knowledge. The preparation of the design following the establishment of the requirements is

the responsibility of the Department of National Defence. And in those cases I can obtain, on any specific project, any information or details which you might require. Beyond that, the question would have to be directed to the department responsible for the execution of the program.

Mr. FLEMING: Have you some examples you could point to as an illustration in connection with the larger projects? If it is not convenient for you to do so now, perhaps you could give it to us at a later meeting.

The CHAIRMAN: You would like an example of a project where progress has not been made?

Mr. FLEMING: Not necessarily. I am thinking about the policy applied in such cases. I am thinking first of all of the responsibility as between the Department of National Defence and the Department of Defence Production; and secondly, as a matter within your department. What is the policy followed in cases where delay is not explainable under such circumstances as you mentioned earlier, the shortage of materials and that sort of thing?

The WITNESS: We have monthly progress reports on each major construction program or project, and that would give us, expenditure-wise, an indication of the progress made on that particular project.

Where, for any reason, progress is not as we have visualized it and as we have set the contract date for completion, then it is a question of assessing the effect which the delay would have on the service concerned, we would then check up in each particular case and having regard to the circumstances with the department concerned with its execution in order to analyse the causes and to find out what steps can or should be taken to expedite it.

If such expediting required additional funds, it would be necessary to establish the urgency of the requirement and to balance it against the effect which putting back the completion date would have on the plans of the Department of National Defence. So it is almost impossible to give an over-all answer. We would have to relate it to a specific question, or to a specific project.

By Mr. Fleming:

Q. Are there cases within the Department of National Defence where contracts have been terminated because of the failure of the contractors to complete within the period fixed by the contract?—A. The termination of contracts would not be the function of the Department of National Defence. That would be done by the department responsible for the execution; and Mr. Johnson or whoever is speaking for Defence Construction Limited would be in a better position to give you that information.

Q. Very well. We will ask him about that. In the previous pages, and I am now turning to the bottom of page 5, you speak about the change made at the end of 1948 with regard to the handling of designs and construction; and you point out that Central Mortgage and Housing Corporation in 1948 took over the construction of permanent married quarters and standard inter-service designs, and so on. How did the experience of those two periods compare?—A. It is difficult to make a comparison because in 1948 it was pre-Korea. The impact of the accelerated program had not been felt; as to the design of married quarters, Central Mortgage and Housing Corporation designs were not strictly comparable with the designs which were being developed by the services previous to that time.

Q. But you had a year and a half before Korea. It was 1949, and the first half of 1950. Perhaps you can compare the experience in the first year and a half with the experience which occurred later?

Mr. HUNTER: Perhaps, for the benefit of the committee, we could know precisely what Mr. Fleming wishes to have compared. I have not the faintest idea.

Mr. FLEMING: I wish that Mr. Hunter would restrain himself.

The CHAIRMAN: That is quite a question. It is troubling me at the moment. Exactly what is it you want?

By Mr. Fleming:

Q. I am asking about the experience. We are told at the bottom of page 5 that a change was made in the method by which this whole matter was handled. I am asking for a comparison of the experiences with the two methods of handling by the department. You were with the department prior to 1948, were you not?—A. No. I was not with the department in 1948.

Q. Well then, have you the information which my question is designed to bring out?—A. I discussed it with the people responsible; but as far as I can determine, it is impossible to compare what our experience might have been if we had continued our own construction, with the present procedure because of the difference in the scales, and the scope of the construction.

Central Mortgage and Housing Corporation I think are the accepted experts within the government for the design and planning of housing; and it seemed reasonable to us that we should use them as agents for doing that portion of the program. Our experience has been that cost-wise and facility-wise, we have received a product which is comparable with the type of housing which is being built across Canada under the National Housing Act.

Q. Well, perhaps I am asking you to draw on information which you may not have, since you were not here for the first part of the experience prior to 1948, when the handling of it was done differently.

Now, under schools, on page 6, can you at a later meeting, I presume, tell us how many of those schools there are, what has been the expenditure on school construction, and something of the cost? Is information available showing the location and the cost?—A. Yes. That is available. The location is available; but the completed costs again would be a matter on which detailed information could be obtained or should be obtained from Central Mortgage and Housing Corporation.

Q. How much of this is within your power to obtain, or is it better to leave the whole matter for them to consider?—A. Perhaps if I explained the system on which we operate with Central Mortgage and Housing Corporation it might explain the position better.

We give to Central Mortgage and Housing Corporation a lump sum of money to cover the number of units approved for married quarters and schools which they are building for us. We are allowed by the Treasury Board a ceiling for the construction of married quarters and a ceiling in the cost per room of schools.

Central Mortgage and Housing Corporation take over from there and construct for us these facilities and bill us against the money which we have provided for them.

With that class of contract the expenditure is allotted against various contracts, but we have not available the amount of expenditure against perhaps any one school or any one unit of housing. It would depend on how the contract was let. One contractor might have 100 houses and a school; and we have not available with us the completed cost of each of these buildings.

Q. Would Central Mortgage and Housing Corporation have that?—A. Central Mortgage and Housing Corporation would be able to obtain that information for you.

The CHAIRMAN: Central Mortgage and Housing Corporation will be before the committee and they will be warned about this question in advance.

Mr. FLEMING: I wanted to get a breakdown.

The CHAIRMAN: I am accumulating quite a list, gentlemen.

By Mr. Fleming:

Q. At the bottom of page 6 we have a reference to the matter of the approval of construction and we are told something about the figure of \$25,000. The last sentence reads: "Unforeseen minor projects under \$25,000 are approved by the deputy minister." Can you give us any idea of the extent to which that power of approval has been exercised?—A. I could obtain that for you. It is a matter of some months now that we have been operating under that system and there have been relatively few approvals given. I could obtain that information for you, the number of times it has been exercised, and the amount.

The CHAIRMAN: Yes. Now, Mr. Applewhaite.

By Mr. Applewhaite:

Q. We have just received this statement and as I went through it I noted some things and I would like to ask a question on it. I would like to ask the witness with respect to page 1, living accommodation and messing. Do you provide living accommodation and messing for service personnel only, or for some civilian personnel as well?—A. Generally speaking for service personnel only. But there may be isolated cases of situations where we have replaced service personnel by civilians for the operation, let us say, of central heating plants or something of that nature, and where we would have to supply them with service quarters.

Q. That is where you have permanent civilian personnel?—A. Where civilian personnel are doing a service job, and they have to be accommodated on the station.

Q. When you provide accommodation, is it the same type of accommodation that you have described here as provided for the services?—A. It would be within that accommodation that we would provide, in those cases.

Q. You mean it would be the same accommodation?—A. Yes. It would be the same. We would not build specifically for that purpose.

Q. Where you refer to technical buildings, you give under that heading "operations buildings". That is what you have here?—A. "Operations buildings" is used in connection with different functions. For the R.C.A.F. it may be in connection with radar, or it may be in connection with fighter command control. Different types of operations buildings have different functional purposes. It covers a group of buildings.

Q. You have listed hangars, signal communications, and radar; and I wondered if there were some other major classifications of buildings which come under that?—A. The control building is known as an operations building. That is where they plot the targets for fighter aircraft.

Q. I do not want to appear to be leading you, but are there many buildings coming under that classification? Is there a project explained under operations buildings, within that rather general term, which would indicate the purpose of the buildings?—A. Operations buildings would be a relatively minor item of expenditure compared with the total program.

Q. On page 2 under the heading of Navy, can you tell us what percentage of naval personnel is still not housed?—A. Is that referring to single personnel?

Q. No; referring to the whole personnel who are still living out.—A. I could obtain that information for you.

The CHAIRMAN: In number, Mr. Applewhaite?

Mr. APPLEWHAITE: Or in percentages; it does not matter. If you give me the number who are not housed, then I would want to have the number who are housed, to see how they compare.

The CHAIRMAN: All right.

By Mr. Applewhaite:

Q. Would you enlarge on that last sentence under navy, which reads: "On the west coast operational requirements had not been sufficient to warrant development on the same scale." Has there been a change?—A. I was referring to the period at the end of the war when this related to the position, and it referred to the preceding period during the last war when operational conditions had not been the same as on the east coast. For that reason construction such as seaward defences and other installations had not been built to the same scale as on the east coast.

Q. Is that being done now?—A. Certain work is being undertaken on both coasts.

Q. Are you going to send word out to the Pacific coast that you are not developing on the same scale as on the Atlantic? I do not mean on the same volume but are your accommodations and the type of construction on both coasts comparable, and if not, why?—A. The construction, that is the standards, and the scales are directly comparable on both coasts. It is only the requirements which vary, and that is again dependent on the location and the employment of the forces.

Q. And on the size of the establishment?—A. That is right.

Q. You do not indicate in your report that there is a different standard as between the two coasts?—A. There is no difference in the scales or standards as between construction on the two coasts as such.

Q. At the bottom of page 2 referring to the post-war program one of your objectives on buildings is that of low-maintenance costs. Can you give us any figures on maintenance costs in the form of percentage of the capital cost of your buildings?—A. No, I cannot, because while we have started to examine that aspect we have not yet had sufficient experience with the new type of buildings to be able to give definite cost figures for maintenance.

Q. Have you the objectives percentage-wise?—A. Not percentage-wise because we are basing it on an analysis of what work is essential on these different types of buildings. We expect Class I buildings in certain cases will require practically no maintenance for a number of years; and then, after that, there is painting and other routine maintenance which will depend on how they stand up to fair wear and tear.

Q. Is there in the engineering profession a standard of maintenance costs in proportion to capital costs which is accepted as being reasonable?—A. To my knowledge not in this type of program because, while we have a certain amount of new construction, we have to deal with renovated old construction and the best way we have of assessing maintenance requirements is to analyse the expenditures over the previous years in order to find out what works has been done, and to get a reading for that as to what is likely to be required in the next year.

Q. I do not want to be harsh in this, but is it a fact that there is really no yardstick against which you can set your maintenance work?—A. If you mean that there is no fixed percentage for maintenance costs, that is correct. Because of the large number of different types of buildings and the kinds of construction, an over-all percentage might mean nothing. There might be one percentage for one service and another percentage for another service, depending on the percentage of Class I to Class II or to Class III type of construction, and depending on fair wear and tear.

Q. Would it not be between one type of construction and another?—A. Yes. We hope to get that finally and to establish a reasonable cost of maintenance for our different Classes of buildings. But until we have had some experience, I do not think it would be of any advantage to allocate an arbitrary percentage. It might be too high, or it might be inadequate.

Q. This is not meant to be insulting, but you are keeping records of maintenance costs which, as time goes on, can be checked against similar types of construction in civilian history?—A. I cannot say that we are comparing it with similar types of construction in civilian history because it is very difficult to make a strict comparison of the type of construction we have and the use to which it is put.

Q. Surely that would not always apply? It would not apply for instance in connection with schools and married quarters, and so on? In those cases you would have comparable civilian history to check on, would you not?—A. Yes. Certainly in the case of married quarters and schools we can obtain comparable data; but there are factors which have to be taken into consideration in this; for instance, the rate at which families will change in service accommodation, and the differences in care, and the different way in which families will look after things, quite beyond fair wear and tear.

Q. The answer to my first question then is that you have not long enough records on these buildings which you are building now to be able to establish any figures?—A. That is correct; but we have laid down certain standards to begin with which we will try out, and by experience see how they work out. For instance, the period for interior painting and exterior painting in married quarters. We believe that as this method of maintenance works out we shall see what modification is necessary.

Q. I have a few more points. On page 3 under "Scales", you say that: "...the space required per man in a barrack has been established as 80 square feet." Have you established that in cubic feet?—A. We have been working to 800 cubic feet because 400 cubic feet is the minimum we can work to under wartime.

Q. 800?—A. Yes, 800 cubic feet.

Q. Referring to Class 3 type of construction at the bottom of page 4, is any amount—any reasonably large proportion of that—the type which is removable, that is collapsible buildings which can be taken down and used again somewhere else?—A. The cases where we have used that are referred to at the bottom of page 5. In certain locations we have used prefabricated buildings which can be removed and re-erected elsewhere and the criterion there would be the relative cost of the initial construction.

Q. Correct me if I am wrong, but I assume—at the top page 5—you used prefabricated units in northern locations because most likely it would be difficult to acquire building materials up there?—A. That is so.

Q. And that would be your over-riding principle. It is a general principle that if there is going to be a temporary camp—never mind where it is going to be—it may be possible to make it prefabricated so we can take it down and use it somewhere else. Is that done to any extent?—A. So far we have not had the necessity to build complete camps of Class 3 material. It has been a case of supplementing war time construction. In certain cases we have used prefabricated buildings for these supplementary buildings and the thinking there has been that, if the station had to be placed on a care and maintenance basis, there might be some advantage in a steel building which would require less maintenance if it were not in use. We have tried that out, but we have not yet had sufficient factual data to establish whether there is any appreciable advantage in that policy.

Q. Does using prefabricated buildings increase the original cost of Class 3 construction?—A. It depends a lot on the type of building. Certain types of prefabricated buildings are the cheapest building we can use, and in such cases they have been used on their merits as the cheapest form of construction for the type of building we want. The army is using them for certain types of garages where they can get a cheaper building than by any other form of construction.

Q. What I was getting at is, are you adopting as a principle where you have to meet peak conditions—are you putting up temporary frame constructions? Are you adopting the principle of putting up prefabricated types where possible so they can be used in other locations?—A. No, we have not adopted that as a principle. As I say we have not yet had occasion to put up large camps of that nature.

Q. But it would not have to be large camps, would it? Would it not apply to the case of isolated buildings in an existing camp?—A. There I think it depends on whether you visualize they might be required later on in the same camp, or whether you visualize moving it. Certainly where there was a question of taking the building up and restoring the site, in these cases we have gone to prefabricated buildings.

Q. On the top of page 6, the third line, you refer to different types of houses to meet the requirements of different kinds of families. That word “kinds” I hope just means size?—A. It does refer to size of families—families requiring different numbers of rooms. We also have different classes of accommodation depending on the rental which we take from them. We do not necessarily put the C.O. and a private in the same quarters, but there is relatively little difference in the standard of accommodation provided. The big difference is in the number of bedrooms and the living accommodation provided.

Q. Does that word “kinds” in the third line of page 6 mean anything other than the size?—A. It refers to both.

Q. The size and the rent?—A. Roughly yes, if you like—the class of staff.

Q. It is an unfortunate expression. The same question comes up in a different connection on the second line of the next paragraph where you refer to married quarters.—“married quarters were in certain cases constructed of masonry particularly where, owing to restricted site locations, it was necessary to build apartment type units.” Does that refer to the size of the location?—A. Yes, the size of the area available for building.

Q. At the bottom of page 7 you refer to the major construction program of the department as from April 1950 to the end of 1952. Have there been any major changes within that construction program?—A. Can you give me an example?

Q. Has that program as accepted been varied say to the extent of \$50 million one way or another?—A. Where there is any doubt about the program it can be put in what is called the unallotted reserve. Before it is actually undertaken it has to be justified by a separate submission to the Treasury Board. Where the screening committee or the Treasury Board are in doubt as to the requirement they will make the reservation that it has to be substantiated further. When making up the estimates for the year ahead you can foresee some requirements fully, but in some cases you are not sure of the exact impact of that requirement.

Q. Has this \$757 million figure been increased or decreased since to any extent—any major extent?—A. I could not tell you offhand the effects of that, but it would be to the extent of the unallotted reserve, whether it had been implemented or otherwise, also, if the circumstances change, we might not proceed with a project for which we have had approval and for which commitment authority has been granted.

Q. I would like to get this answer brought in if I can. We have the figure of \$757 million which is set up for the major construction program as adopted about the 1st of April. Has that figure gone up or down, say \$50 million, I think we should know.

Just one other question. In answering a question by Mr. Fulton you referred to this program based on commitment authority—A. Before you go on, I wonder if I might clear up one thing. I do not see how it could go up

because we have certain money for the major construction program, and it will be increased without supplementary estimates or some other way of allotting money.

Q. You have it during the years in which you may have done it.—A. This \$757 million was not the result of one thought at the beginning of that period. It has been added to throughout the program year by year.

Q. That is the figure at which it is now.—A. That is the accumulated figure at which it is now, which it has now built up over the years.

Q. Just one other question. In answer to Mr. Fulton you referred to commitment authorities as well as votes of actual money. Has that whole \$757 million been covered by commitment authorities which were passed by parliament?—A. It has been covered by commitment authorities, yes.

Q. Will you please define "commitment authorities"?—A. I beg your pardon?

Q. What do you mean by "commitment authority"?—A. Commitment authority is the authority to enter into contracts or to commit the government to expenditures. It need not necessarily be expended in any one year.

Q. Are those commitment authorities referred to in the estimates as commitment authorities?—A. I understand that is so.

Q. Unfortunately I have not got the estimates here, but that is what I wanted to know. You say that these commitment authorities have been referred to parliament?—A. Yes, that is so.

The CHAIRMAN: Now, Mr. Adamson.

By Mr. Adamson:

Q. On page 1 you have the item "seaward defence project". Does this include fortifications and harbour defence projects? Are they all built under this program?—A. Yes, but they are not included in "seaward defence", which refers specifically to certain portions of harbour defences which are provided by the navy.

Q. Then as to your other fortifications, how are they contracted for? Is there a contract let, or are they done by each service on its own?—A. No. They would follow the normal channel. The major contracts would be let through Defence Construction Limited, based upon plans prepared by consultants or by the services themselves.

Q. Just as if they were in any other part of the construction?—A. That is correct.

Q. I do not see fortifications here. That is why I asked the question. Fortifications are included in this?—A. They are included in the major construction program.

Q. You have made quite a point about fires, and fire proof construction. Has there been any difference in the incidence of fire as between wartime and peacetime service, or are you competent to answer that question?—A. I could not, offhand, it would require an analysis of our fire results. But I know of no cases where we have had a serious fire in Class 1 construction. We could obtain that information for you, if you like.

Q. Is construction overseas included in this program?—A. I had better check that for you because a portion of the construction overseas comes under infrastructure. There is also ex-infrastructure, for which we are responsible in these estimates.

Q. Could you let us know with respect to construction overseas, such as air fields and barrack blocks and so on, let us say in Germany, and air fields in France, how is that cost met?—A. In general, if we take Grostenquin, as an example, there is an infrastructure portion, which is a certain agreed level of requirement, necessary to make each air field operational, and on which there has been an agreement among all the different NATO countries as to the extent

of the requirements which are necessary, such as the length of the runways and the amount of "POL" storage, and things like that.

But when it comes to accommodation, there is considerable variation in the type of accommodation which is required by the different countries. It was felt that the country which occupied the air fields could better construct such ex-infrastructure items, which are beyond that original common portion, to meet their own standards of construction. In the case of Canada we have constructed at Grostenquin pre-fabricated buildings but to slightly lower standards than we would have constructed comparable accommodation here in Canada. We have constructed buildings of pre-fabricated material because of the condition laid down for the air field, that when it was no longer required, we would have the responsibility of restoring the site to its original condition; also because it was cheaper and it would give us a better salvage value to use pre-fabricated construction which could be more easily removed.

Q. Am I to understand from what you have said that it is envisaged in the construction of this air field that eventually it will be restored to, shall I say, the pastoral use of the land?—A. In certain cases this is so. I could not give you a definite answer for each one of them because some of them may have a different end use on being taken over by west Germany; or some of them may have a different end use by France or other countries. But at Grostenquin I know that the original agreement provided for the return of this property to its original condition when necessary. But whether that is ever enforced, we cannot say.

Q. I understand that the country in which the air field is built provides the ex-infrastructure?—A. No, I do not think so. It is done by NATO. They have a pot to which the member countries contribute.

The CHAIRMAN: That is about all they have got, a pot!

The WITNESS: And from which payments are made for the different infrastructure construction, at the different air fields.

MR. ADAMSON: As to the non-living construction paid for by Canada, how is it constructed? I mean, do we make a contract with contractors over there?

The CHAIRMAN: The witness is trying very hard, but I think he had better inform himself on that question, for the next meeting.

MR. ADAMSON: I do not want to ask the witness any questions that he does not know, or anything like that. But I feel that is quite a heavy expenditure and I think the committee should know what is being done about it.

The CHAIRMAN: He will inform himself for the next meeting.

MR. GEORGE: Mr. Chairman, I think that can be best dealt with by the witnesses from Defence Construction Limited, as that is their direct responsibility.

The CHAIRMAN: I have got Mr. Thomas, Mr. James, Mr. Herridge, and Mr. Macdonnell who are all anxious to ask questions. Will you be long?

MR. ADAMSON: I have just two more questions.

The WITNESS: Do you wish to have information as to one or more of the different air fields? The method of construction and the agreements may vary in each case.

The CHAIRMAN: No. May I suggest that Defence Construction Limited now has notice of what is in Mr. Adamson's mind on this particular subject. They will be able to deal with it when they come before the committee. They are available here at any time. I suggest that would be better than for you to try to answer the question because you are not as familiar with it as they will be, or are you?

The WITNESS: We can obtain the information as to the policy on any particular station; but it will vary in different locations.

Mr. ADAMSON: I would like to have our commitments for construction overseas, and how much we are committed to construct overseas, and the general policy of that, how it is arrived at, and how it differs as between the air fields, the barrack blocks, and the other establishments?

The CHAIRMAN: It is now 1.00 o'clock and the meeting is adjourned.

The meeting adjourned.

APPENDIX No. 15

Question by Mr. FLEMING:

What were the dates of the audit reports on the Works Company at Petawawa?

Answer—17 June, 1949, and 19 July, 1951.

APPENDIX No. 16

Mr. WRIGHT:

Question: What was the cost of cutting the logs in the Petawawa Area and the cost of placing them in Percy Lake?

Answer: There were two contracts for clearing areas, spot cutting of selected trees and strip clearing at the Petawawa Military Camp. The total cost was \$18,500.

APPENDIX No. 17

Mr. Herridge—Question relating to Declaration of Unserviceable Equipment.

Answer—Disposal of Surplus Crown Assets by *The Army Works Service*.

1. The procedure for the disposal of surplus Crown Assets within the Army Works Service is as follows:

- (a) The Work Company determines what material on hand is of no further value to this particular company. The company prepares a list of material and submits to the Command Engineer of the Command concerned.
- (b) The Command Engineer circularizes to other Works Coys within the Command. If one of the other Works Coys have a requirement the material is ordered shipped. If there are no Command requirements the list is forwarded to AHQ.
- (c) AHQ circulates the list to all other Commands, RCAF, RCN and DRB to determine requirements if any. The balance of the material is declared surplus to CADC.
- (d) CADC dispose of the material and advise DND of the disposal with a copy of their order.
- (e) The Army Works Service remain custodians of the material until released to the purchaser. The material is written off ledger charge and handed over to the purchaser in accordance with the Sales Order.

2. Various types and classes of material are involved in this procedure, e.g. material salvage from buildings such as plumbing material, construction material on inventory for which there is no foreseeable requirement, and miscellaneous material such as scrap iron.

3. In most instances the value or original cost is not known as the stores involved have been in use since the advent of the Second World War and in some cases may have been in use prior to the First World War. The Department of National Defence does not maintain records of the sales values as this is a responsibility of C.A.D.C.

4. Since 31 March 1950 and to 15 February 1953 a total of 84 Surplus Declarations, consisting of 1217 classes of stores, have been made to C.A.D.C.

APPENDIX No. 18

NUMBER OF DOMESTIC REFRIGERATORS PURCHASED SINCE 31ST MARCH, 1950
FOR ARMY WORKS SERVICE

(Answer to Mr. Adamson)

No. of Units	Size	Cost	Average Unit Cost
2	3 cu ft	258.90	129.45
1,425	6 to 7 cu ft	239,332.34	167.95
892	7 to 8 cu ft	172,966.49	192.78
615	8 to 9 cu ft	119,174.14	193.77
14	9 to 10 cu ft	7,415.50	529.68
<hr/> 2,948		<hr/> \$539,147.37	

Scale of Issue

Permanent Married Quarters—1-6 cu ft minimum per 2 Bedroom Quarter; 1-7 cu ft minimum per 3 and 4 Bedroom Quarter.

Temporary Married Quarters—Same as for Permanent.

Emergency Married Quarters—1 may be issued if available in stock. Issue is made on a loan basis subject to withdrawal for other use. Rental charge of \$1.90 per month is made.

Barrack Kitchens and Serveries—Refrigeration capacity authorized is dependent on number of dining members to be served.

Hospital Kitchens, Ward Pantries and Dining Halls—Refrigeration capacity authorized is dependent on number of dining members to be served.

Laboratories, Medical Inspection Rooms, Pharmacies, Operating Rooms—1-8 to 11 cu ft if required.

Dependents Schools—Home Economics Classrooms—1-6 cu ft.

Canteens—Active Force Corporals and below—As required.

Messes and Canteens other than above—Authorized issues have been made on an as required basis.

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Canada, Parliament
House of Commons
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HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

Physical &
Applied Sci.
Serials

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

THURSDAY, MARCH 12, 1953

WITNESS:

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
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CORRIGENDUM

Page 294—Number 11 of the printed evidence.

Questions attributed therein to Mr. McIlraith are those of Mr. Henderson.

MINUTES OF PROCEEDINGS

THURSDAY, March 12, 1953.

(15) .

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stick, Thomas and Wright.—(24)

In attendance: Messrs. B. B. Campbell, H. A. Davis and W. R. Wright, Department of National Defence.

The Chairman tabled answers to questions of Messrs. Fleming, Pearkes and Henderson, respectively, as prepared by the Judge Advocate General on

1. Release of two officers at Camp Petawawa,
2. Pensions of released officers and
3. Recommendations (44) contained in the Currie report.

Mr. Davis was called. He tabled answers to questions of Messrs. Applewhaite, Fleming and Fulton in connection with

1. Naval personnel,
2. R.C.A.F. Dependent Schools, excluding classified establishments and
3. Estimates for major construction program for the 3 Services (1950, 51 and 53).

The witness was examined at some considerable length.

Ordered,—That all answers tabled be printed as appendices.

(*See Appendices Nos. 19 to 25 inclusive, to this day's evidence*).

After a brief discussion on procedure, the committee resumed its examination of the witness.

Additional questions were referred to the officials of Defence Construction (1951) Limited and of Central Mortgage and Housing Corporation.

At 1 o'clock p.m., the committee adjourned to meet again on Tuesday, March 17, at 11 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

MARCH 12, 1953.

The CHAIRMAN: Gentlemen, I see a quorum.

I received further answers from Mr. Lawson in answer to Mr. Fleming's question, General Pearkes', and Mr. Henderson's, which I will table with the clerk. I think there were six questions asked of Mr. Davis. There are two answers outstanding.

I also have answers for Mr. Applewhaite, Fleming and Fulton. One question was asked by Mr. Adamson that is being prepared. General Pearkes asked the number of stations where we had permanent construction and the accommodation provided. That is being obtained.

(See appendices Nos. 19 to 25 inclusive for answers tabled.)

Mr. FULTON: That one you tabled, was that in answer to my question to Mr. Davis?

The CHAIRMAN: It was.

Mr. FULTON: May I ask for figures showing the total estimated cost of the total construction program? I want them side by side.

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements, Office of the Assistant Deputy Minister, (Requirements), Department of National Defence, called:

The WITNESS: We have given in that the money provided in 1950 and 1951, the current expenditure provided by each of the services in each of those years.

Mr. FULTON: I was trying to relate it to your statement in the second last paragraph, that the major construction program amounted to \$751 million. Was it answered in relation to that figure?

The WITNESS: No. We have not given commitment authority except in 1950 and 1951.

Mr. HARKNESS: What about the question I asked in connection with these change orders?

Mr. ADAMSON: I was not finished with the witness at the last meeting.

The CHAIRMAN: What about Mr. Harkness' question?

The WITNESS: I understood that that was to be left for D.C.L. That is not a thing on which National Defence can make a complete answer.

The CHAIRMAN: That is being prepared.

By Mr. Adamson:

Q. And overseas construction, are you working on that now?—A. Yes. We are obtaining a statement on policy and also on cost.

Q. Specifications, are they laid down by the Department of National Defence?—A. Yes. Specifications are laid down by the Department of National Defence.

Q. And they are drawn up by their architects and engineers?—A. That is right.

Q. Entirely, and that goes for all construction, housing construction and everything?—A. Housing construction is included with C.M.H.C. C.M.H.C. I believe actually draw up the specifications for the married quarters.

Q. And would that conflict with the housing specifications in the area?—A. C.M.H.C. could give you the answer to that, but I understand they meet the housing requirements, but you would have to get that in detail from C.M.H.C.

Q. Regarding things like hardware and fittings, I have had several complaints about hardware put in several buildings having only a comparatively short life.—A. The policy is that we have drawn up classes of hardware suitable for the different types of construction which we have authorized. There is a class of hardware for permanent construction, class 1 or class 2; there is a form of hardware for temporary construction, class 3; and there is also a type of hardware for domestic buildings which will receive less strenuous treatment. We have also drawn up equivalent for the different types of hardware.

Q. Then, is there any "by Canadian" clause in any of these things? I have also had complaints that on certain defence construction American hardware and American plumbing is imported when there was Canadian material available.—A. There is a provision for that. I can obtain details for you if you would like.

Q. I think that that would be of interest because I have had quite a number of complaints verbally and otherwise that American material is used when Canadian is available?—A. I would think that D.C.L. could give you the best answers to that question because they are the ones who consider the actual contracts, but as far as specifications go we are guided by what our consultants specify as being technically suited for the job rather than taking into consideration the country of origin. There is a provision, however, which I believe D.C.L. would be able to answer best for you as to the relative rating which is given to Canadian and foreign production.

Q. The complaints also state that the specifications are so drawn up that it makes it almost mandatory to use American products. I must say I was rather surprised by that, but it came from substantially reliable sources.—A. There is a clause in the D.N.D. specifications which covers equivalents for anything which is specified for D.N.D. construction and which allows any manufacturer who feels he has a product equivalent to that specified to apply for what is known as an equivalent certificate which he can obtain from the Interservice Equivalents Board. If after a reference to the consultants it is found that his product will in fact meet the purpose for which the original product was designed—an equivalent certificate is issued.

Q. Who is the head of Interservice Equivalents Board?—A. The chairman of the Interservice Equivalents Board is the chairman of what is known as the Joint Service Accommodation Committee.

Q. Has he a name?—A. Air Commodore Long is the presently incumbent, but this appointment changes. The chairman of the Interservice Equivalents Board rotates with the chairman of the Joint Services Accommodation Committee and that is held in turn by the senior engineering officer in each of the three services.

Q. You spoke the other day about the commitment authority being the authority to construct. Who issued that direction?—A. Commitment authority for the major construction program is obtained from the Treasury Board either through submission of the annual estimates or for items which are not included in the annual estimates by a separate submission. In other words, when the requirement is substantiated in the Department of National Defence, a submission is put over to the Treasury Board requesting commitment authority for the estimated cost of the project.

Q. That is Treasury Board of the Department of National Defence?—A. No. It goes outside the Department of National Defence. It is referred to the Treasury Board.

Q. Department of Finance?—A. Department of Finance.

Mr. McILRAITH: The Treasury Board is a cabinet committee, it is a committee of the cabinet in the Department of Finance.

Mr. FULTON: On which one of the deputy ministers of Finance also serves.

The CHAIRMAN: Mr. Bryce is the secretary and it is a committee of cabinet ministers.

By Mr. Adamson:

Q. I want to get the routine straight. So much of the trouble in National Defence has been in the method of authorizing commitments. We have run into that on this committee before. That is why I asked the question. One other thing: Is there any method of checking as to the relative cost per cubic foot in defence construction and comparing it in cost per cubic foot of civilian construction in the same area generally?—A. I have no figures of that nature. It is difficult in many respects to obtain a comparison of that nature because the purpose and design of defence buildings in a great majority of cases has no civilian counterpart.

Q. The houses used for married quarters would be the best comparison and perhaps the only comparison.—A. I believe that Mr. Mansur in his evidence to the committee at the previous session gave certain figures about that and I know that C.M.H.C. would be in the best position to give you a comparative reading on that type of construction.

Q. One other question. Who prepares the land for building? Is it done by contractors, by works companies, or does it vary? In normal construction sites preparation is one of the major expenses of domestic construction.—A. The site perhaps would normally be part of the contract and would be arranged through D.C.L. except if there were special reasons where it was being done by service day labour. Normally the site preparation would be a portion of the over-all work which we would pass over to defence construction limited.

Q. And it would be done by the contractor who is responsible for the construction?—A. Not necessarily. We would have no say as to that. It is purely a function of defence construction limited. We pass over our requirements to them together with the estimated cost and plans and specifications. From then on it is the responsibility of the Department of Defence Production to carry out the project to its completion.

Mr. CHAIRMAN: Mr. Adamson, of last year's evidence at page 435, Mr. Mansur gave evidence on the married quarters program with a particular reference to cost. It would be interesting to take a look at it when you have the time.

Mr. BENEDICKSON: On a point of order may I interrupt Mr. Adamson. If we proceed on something as vast as a discussion on construction, it seems to me that it should not be desirable that any members of the committee should say "I hear complaints", for instance about certain types of hardware. Now, if he wanted to leave out that phrase and simply say "What is your policy with respect to the purchase of hardware", I would have no objection, but if he is going to say "I hear complaints", then I feel that this whole program is so vast that each member of the committee should assume some responsibility for saying "I hear complaints with respect to such and such a site or building" and then it is possible for the witness to check on the justification of the complaint; but apart from that I think the question should be simply "What is the policy?" instead of "I hear complaints," if we are not going to have it directed to a particular project site which the witness can follow up.

Mr. McILRAITH: Could we get at the particular site and find out what hardware was used in those projects?

Mr. BENIDICKSON: Most of us if we are informed have a pretty good idea as to the identify of the project and I think when we have that information it is helpful to the public for their satisfaction and certainly to the committee.

Mr. DICKEY: On that point it is also true that matters such as specifications are things of public property and any member of the committee or any Canadian can check any complaint of that kind against the specifications which are open to him and can be examined.

Mr. ADAMSON: That may be so, but it is not generally known, and I think that one of the functions of this committee is to make it generally known what the policy is, and I think that the information adduced this morning as to the inter-service committee will probably let the contractors and others know whom they have to deal with, because certainly a great many of them seem to be completely in the dark as to what the regulations and rules are.

Mr. STICK: Can they not find out? A man tendering for a contract knows where he should go, if not he is a fool.

The CHAIRMAN: I have heard what has been said and the other members of this committee also have taken note and will try to particularize in the future.

By Mr. James:

Q. I am wondering about the housekeeping of these married quarters and other quarters, for instance in these camps what steps does National Defence take from time to time in order to see that the married couples with families are looking after these places, what inspections are made, and that kind of thing?—A. There are regulations issued which lay down specifically the relative responsibility of the owner, National Defence, and of the occupant.

Q. Could you let us have some of the regulations?—A. I can obtain those regulations for you and for the information of the committee.

Q. What I want to make certain of is: Take a couple moving in with three or four children, are they to some extent being controlled exactly the same way as a landlord in civilian life would control and make certain when they move out the place is not wrecked?—A. I can assure you that that is the case and anything beyond fair wear and tear is provided for and there are methods of controlling such cases.

Q. I suppose in the case of excessive damage National Defence would be able to recover the amount in excess of normal wear and tear from the soldier concerned?—A. Provision is made for that, but I cannot quote you the exact provision laid down; but I know it is covered adequately by regulations.

Q. Would you say in that particular case possibly the provisions are much more adequate than even in civilian life in the case of a landlord and tenant?—A. I would say they are certainly more comprehensive than would normally be the case, at least in my own experience.

Q. Would you have any observation or comment to make, or has any comparison been made, for instance, in relation to damage in married quarters as compared with similar occupancy in civilian quarters?—A. We have made no specific study of that to my information. There has been no reason for making such a study.

By the Chairman:

Q. Are these comprehensive regulations that we talk about enforced?—A. To the best of my knowledge they are. That would be the responsibility of the station commander.

Q. It is the responsibility of the station commander, but to your knowledge are they enforced?—A. To my knowledge they are. In cases where I have seen married quarters they appeared to be well maintained.

By Mr. James:

Q. Could you give us an example of how often married quarters would be inspected?—A. I cannot give you the exact period, but it is normal to expect them to be inspected in the neighbourhood of monthly by some representative of the works service.

Q. That would be much more often than you would ever have in civilian life. There have been many statements made in connection with soils and that kind of thing and I have a list of them here as I have heard them down the years all over the place. I wonder if you would go down these and give me some information on these items. For instance, there have been statements made in connection with nurseries. One for instance at Brantford where something like \$250,000 was paid for landscaping. Could you give us a general summary of what the policy is on landscaping?—A. Yes, I can give you that information.

The CHAIRMAN: What does landscaping mean; what does the term involve?

The WITNESS: The term "landscaping" is probably a misnomer in so far as it refers to service construction. Except in certain rather isolated conditions such as armouries or other buildings which are in a neighbourhood which requires certain landscaping in order to keep it up to the standard of surrounding buildings, except in such cases for the Department of National Defence landscaping is restricted to what might better be expressed as site preparation. After construction is completed it is necessary to carry out certain grading in order to provide drainage and it is also necessary to provide certain seeding or sodding where it is not possible to grow grass in the immediate vicinity of the buildings. And except in married quarters that comprises the extent of what is known as landscaping.

The CHAIRMAN: Would you mind just answering that question? I do not like rationing the time, but I would like you to give as many members as possible the opportunity to ask questions.

The WITNESS: In married quarters front lots are graded, top soil and sod replaced, rears of lots are graded and seeded only, occasional shrubs and trees are planted particularly to screen the residential area from other areas of the camp. C.M.H.C. inform me that this is in keeping with their standard practice on civilian housing projects.

By Mr. James:

Q. Did you do the same with respect to married quarters? When you have a house you build on a new lot you have to put in grass seed, but in this case the Department of National Defence puts it in and fixes the place up.—A. That is right.

Mr. FLEMING: I thought it was sod?

The WITNESS: There are certain places where grass will not take readily and in such cases they sod.

By Mr. James:

Q. What could you tell us about this particular Brantford item?—A. This, actually, is the responsibility of Central Mortgage and Housing Corporation. I have made inquiries, and we have been informed that the Brantford Nursery was successful in obtaining contracts in competition, for a large number of National Defence married quarters, and that \$251,135 was the aggregate of all those contracts, based upon the standards which I have explained.

The CHAIRMAN: If you have some more questions please hold them. Will you give the others a chance at this time, Mr. Herridge?

Mr. HERRIDGE: Mr. Chairman, I have only two questions to ask the witness and I can assure you they will not be as lengthy or as subtle as those of Mr. Applewhaite.

Mr. APPLEWHAITE: Mr. Chairman, I have not asked any questions today.

Mr. HERRIDGE: On page 1 under the heading of "Amenities", I note an item "chapel". I think the list here mentions that it is proposed to build a chapel for the Royal Canadian Air Force at Comox and that the cost would be around \$58,000. What is the policy of the department in regard to building chapels? Does it depend on the number of personnel? Do they decide on what number of personnel or troops cannot be adequately served by churches in the area, or what?

Mr. APPLEWHAITE: That question is pretty long and fairly subtle.

The CHAIRMAN: All right, gentlemen.

The WITNESS: The practice which has been followed by the department is to assess the requirements at each particular site and to make certain that there is adequate provision for chapel facilities for the service personnel on the station. Where it is not, in certain cases we may use or adapt existing buildings; and where that is not feasible, we have a standard chapel which can be constructed.

By the Chairman:

Q. Is Comox a permanent station, I mean the station to which reference has been made?—A. I cannot answer that off hand. But I can find out for you.

Q. I think it is important.—A. If you would kindly wait one moment, I think I can tell you. Yes. Comox is a permanent R.C.A.F. station.

Q. Have you any information as to the number who are probably stationed there? It would probably help us, if you had that information. But if you have not, it will be all right. I think it is an important question, however.—A. No. I have not got the overall capacity at Comox as a station here, but I could obtain it for you.

Mr. HERRIDGE: Thank you, Mr. Chairman. Now, I have one more question.

Mr. PEARKES: Might I ask a question arising out of that? Could you tell us the capacity of that church?

The WITNESS: I see that I have some information here which might answer your question. As to the accommodation provided at Comox, the existing accommodation is for 364.

The CHAIRMAN: You mean single?

The WITNESS: Single personnel accommodation at Comox.

Mr. ADAMSON: Are you saying that for 364 people you would spend \$58,000 on a church?

Mr. McILRAITH: He did not say that. He said that the accommodation there was for 364. That is what he said.

Mr. PEARKES: What I am trying to get at is this: what is the size of this church, and how many people is it likely to hold?

The WITNESS: There is a standard chapel which provides accommodation for 250. That would be the type of chapel which we would construct, if there was justification for it.

The CHAIRMAN: Mr. Herridge.

By Mr. Herridge:

Q. Mr. Chairman, I have another question. Under the heading of Physical Training and Recreation Buildings, I have a note here to the effect that the

department intends to build a recreation building for HMCS "Naden" to cost approximately \$½ million. I wonder if the witness could tell us approximately how many personnel that will serve and what is the general policy of the department with respect to recreational buildings, and what number of troops are usually required to warrant a recreation building where you would spend close to \$½ million?—A. First of all, as to the question of "Naden", I can obtain the capacity of this recreational building and the number it will serve. I think I should point out that "Naden" is one of the two principal establishments for the Royal Canadian Navy and that the recreational facilities provided at "Naden" would serve not only the shore establishment at Esquimalt but also the personnel from ships when they were at Esquimalt.

As far as the policy of providing recreational facilities at service establishments is concerned, that again is based on the requirements at each station. We take into consideration existing recreational facilities, the distance that the station is from normal civilian amenities, and the extent to which service personnel can make use of such civilian amenities. At remote stations it has been the policy to provide recreational facilities and on site recreational facilities.

Q. Thank you, Mr. Davis. Just a question now in regard to the remark made by Mr. McIlraith when there was a reply to the number of personnel that the Comox station made provision for. I think you said 300?

The CHAIRMAN: He said 364 single.

Mr. HERRIDGE: I wonder if we could have the total number?

The WITNESS: I can obtain for you the complete establishment for Comox.

Mr. HERRIDGE: Thank you.

The CHAIRMAN: Mr. Macdonnell, you have been waiting a long time.

Mr. McILRAITH: Mr. Chairman, may I be permitted before we go on to clear up a previous question?

The CHAIRMAN: All right.

By Mr. McIlraith:

Q. You have listed physical training and recreational buildings under amenities. Why do you include physical training as an amenity? I thought it was part of the training program?—A. The reason for doing that is that in the standard recreational physical training building the basic facility provided is the gymnasium, there is provision, in the standard building, for adding additional recreational facilities to that basic requirement of a gymnasium.

Q. What I am trying to get at is this: are these buildings used in the training program by the armed services, or merely in their off time?—A. They are used as well for training. Swimming pools are used for instruction in swimming and dinghy drill, where they are provided. One of the reasons for provision would be the necessity for giving instruction in swimming. In the same way a gymnasium is used for physical training which is part of the training; and therefore provision has to be made for it.

Q. Thank you.

The CHAIRMAN: Mr. Macdonnell.

Mr. MACDONNELL: I can wait, now, Mr. Chairman.

The CHAIRMAN: Do not disappoint me. Mr. George?

Mr. GEORGE: I have three questions which arise out of the first three items on page 1 of the witness' statement, and which were also brought to the fore on Capital Report on the first of March, by Arthur Blakely. The first question is this: he said there were millions of dollars being spent on paving streets, sidewalks, highways, parking lots, and so on in military camps. I wonder if the

witness could tell the committee what the considerations are in deciding what roads, parking lots and so on will be paved, and who makes the decision?

The CHAIRMAN: I do not see any objection to your question, Mr. George, except that I do not think we should encourage the wording which you have used. You ask your own questions in this committee. I do not care where you say you saw them before. It may have been in the sky.

Mr. GEORGE: I asked my question.

The CHAIRMAN: Yes. But you began by saying that you obtained the information in such and such a place. I think you should take the responsibility yourself and ask the question. That was the very point which was made here earlier by a few of the members.

Mr. GEORGE: I asked my question.

The CHAIRMAN: I wish your questions in the future would not disclose the source of the information. Go ahead.

The WITNESS: The general policy with regard to paving streets, sidewalks, parking lots, and barracks squares is to provide the minimum which is essential for the efficient utilization of the station. We assess each station on its merits—and when I say “we”, I mean the Department of National Defence. Approval of the design is limited to what can be actually justified in order to provide for the traffic and the efficient drainage of the area.

Let us take for example Camp Borden, where there is an R.C.A.F. station which is equivalent to a good-sized town, and where paved streets are essential to the normal activities of the station. The policy is to choose the type or quality of paving which will achieve the optimum in relation to the first cost and also to maintenance costs over the years. Sidewalks are kept to a minimum and are only provided where required in the interests of safety of pedestrians and to provide access from the streets to building entrances. Except for married quarters, the only paving contract at Camp Borden since 1950 is for routine maintenance, one for station roads.

By Mr. George:

Q. Is this paving, outside of barracks squares, comparable to what would be found in a civilian establishment of the same population as that of Camp Borden, for instance?—A. That is so. We take into consideration the density of traffic over the different roads.

Q. My next question, Mr. Chairman, is this: Was the barrack block at Centralia, Ontario, renovated and if so, what was the amount, and why was it renovated?

Mr. BENEDICKSON: Mr. Chairman, may I interject to say that in so far as hard surfacing of all types is concerned, a table of some 49 projects of all kinds, roads, parking lots, gravelling, barracks squares, and all these things was tabled in the House on March 4, and although anybody wishing to ascertain any extravagance or waste could ask the witness, nevertheless all this information is available through the sessional paper.

The CHAIRMAN: Who asked the question at the time?

Mr. BENEDICKSON: It is a sessional paper 18-D which was filed in the House of Commons on March 4. It refers to 49 items of hard surfacing of all kinds. We have that information and, although it is not filed with the committee, nevertheless anybody on the committee who has any interest in any one of these items may be able to question the witness and to ask him about it.

Mr. DICKEY: I think it was a question asked by Mr. Fulton in the House.

The CHAIRMAN: Centralia, I think it was. Have you got anything on that?

The WITNESS: Yes. There appears to be an inaccuracy in that statement.

Mr. FLEMING: Which statement are you referring to?

The WITNESS: The one which is under consideration now.

The CHAIRMAN: The assertion made by Mr. George.

Mr. GEORGE: I asked it this time. I beg your pardon, Mr. Chairman.

The CHAIRMAN: That is all right.

By Mr. George:

Q. I asked if it had been renovated, and also what was the cost, and what was the reason for doing it?—A. I believe you said the barrack block; but actually the contract at Centralia was for a complete rehabilitation of four barrack blocks, not one. These are two-storied buildings which normally accommodate 168 persons, and double that number in an emergency. It is estimated that this work will prolong the useful life of those buildings by 20 to 25 years.

Q. And along the same line of questioning, we see new barrack blocks and what not going up and at the same time we see old ones being torn down and camps being abandoned. Can you tell us what instructions are given and who gives the instruction to abandon these camps and to build new ones at other places?—A. The general policy is that we declare nothing surplus for which there is a use either in the service concerned or in any of the other services; and reference is made, before declaring property or buildings surplus, to make sure that such is the case.

Q. Could we take Camp Tracadie in New Brunswick, as an example?

The CHAIRMAN: Do you know it?

The WITNESS: I do not know the actual conditions at Camp Tracadie, but I do know that if buildings are declared surplus, it is because there is no use for them at that site, and that it would not be economical to move them and to reerect them where they could be utilized. There was a large number of buildings constructed during the war at sites which are not suitable for peace time training or utilization and it is a question as to whether it is worth while maintaining these buildings indefinitely or whether they should be declared surplus.

Mr. GEORGE: Can you tell us, or perhaps find out for us if you were not with the department at that time, the life expectancy of these buildings in 1939 and 1940?

The WITNESS: I think I dealt with that in the general statement. But it would depend on what service they were being built for. Generally speaking, they were placed on temporary foundations of untreated wood, and it was deterioration of the foundations which would limit the life of the building. The average life expectancy of that type of building could be taken as not very much in excess of five years without renovation and replacement of the untreated wooden foundations.

Mr. DICKEY: Has there been a reasonable amount of renovation and replacement of these foundations where there is continuing use of these buildings?

The WITNESS: Yes. The policy has been, in locations where there was continuing need for buildings, that the first consideration should be given to the rehabilitation of the existing buildings which were serviceable, and where the maintenance of which would be such as to justify their renovation. In certain cases, even where eventually it would be cheaper to replace them by permanent buildings, they have still been renovated as an interim measure to reduce the impact of new construction and to spread it over a reasonably long period of time.

The CHAIRMAN: Mr. Dickey, you are entering into a long series of questions?

Mr. DICKEY: No. I have just one more question. What about the buildings that have special uses, such as aircraft hangars, for instance. Have there been

any special considerations in those cases which might dictate the replacement of a wartime temporary building with something less temporary, where the living accommodations have not been replaced at the same time?

The WITNESS: Yes. There would be, and replacement might be dictated by the type of equipment which had to be stored. A number of wartime hangars were built to sizes which will not accomodate later and larger types of aircraft.

The CHAIRMAN: Now, Mr. Wright.

By Mr. Wright:

Q. Has the department a standard agreement which they enter into with local school boards for service personnel children who are attending local schools, and is it uniform across the dominion?—A. That is a question to which I cannot give you an answer. But we might be able to obtain it.

Q. Perhaps if you could do so, you might give us some information as to what contracts are entered into between the department and local educational facilities with regard to service personnel children.

The CHAIRMAN: Mr. Wright, Central Mortgage and Housing Corporation do the negotiations for them and they will be warned of that question.

Mr. DICKEY: And it also involves the Department of Finance, I think, because they have a general over-all policy with respect to grants in lieu of local taxation.

The CHAIRMAN: But the bargain would be made by Central Mortgage and Housing Corporation locally, and then confirmed by the Finance Department?

Mr. DICKEY: There is a general over-all program which would have to be taken into consideration.

Mr. WRIGHT: Which department is responsible for the agreement?

Mr. DICKEY: I think any specific agreement is made by Central Mortgage and Housing Corporation, as the chairman has said, and in addition there is an over-all policy which comes under the Department of Finance.

The CHAIRMAN: Yes. That question is being noted for answer. Mr. Larson.

By Mr. Larson:

Q. In the case of the chapels which you build, are these buildings used as lecture halls during the week, or are they used only on Sundays as chapels?—A. The standard chapel is a very restricted building and consists of the part where you would normally hold church services, plus the essential conveniences and places for mechanical equipment such as the heating equipment which would go with it. The building would not lend itself for use during the week for other purposes. I do not know whether or not in fact they are used for other purposes, but I know they have not been designed for that purpose.

Q. One other question. I would like you to give us an example.—A. I am referring there, of course, to the standard design which we have now. But there are a great number of temporary chapels which were built during the war and some of them are in such a form that a portion can be shut off and they can be used for other activities during the week.

Q. I would like you to give us an example. When I was in the Air Force during the war, I spent plenty of time wandering around the swimming pools and learning how to blow up dinghies.

The CHAIRMAN: I thought you were going to say that you spent plenty of time in the chapel, and I thought we would want to know more about that.

Mr. LARSON: And I was wondering about what consideration was given to where swimming pools are placed, and if dinghy instruction was one of the considerations kept in mind in that regard?

The WITNESS: That is one of the justifications for the provision of swimming pools, namely, to provide facilities where personnel can receive training and instruction both in swimming and in dinghy drill.

By Mr. Cavers:

Q. The witness mentioned certain mechanical equipment which was required in the chapels. What equipment other than an organ would be required in such a place?—A. Perhaps that was an unfortunate expression. I meant the heating apparatus for the chapel, which would be in a small room.

Q. Would you build a chapel in an area which was not served by civilian chapels, or is it only in remote places where a chapel is built?—A. I can say only that we do take into consideration all the factors at each station, and provision depends on the alternative facilities which are available for the service personnel.

Mr. HARKNESS: They have a chapel at Calgary, so it is not only in remote places, Mr. Chairman.

Mr. STICK: Do they take up a collection there?

Mr. HARKNESS: I do not know.

By Mr. Herridge:

Q. What is the usual type of construction, or the usual material which is used?—A. In chapels, it is the simplest kind of frame construction. They were designed to be placed adjacent, if possible, to frame construction already on the station. There is only one standard design. That is a frame cottage type of chapel.

Q. What is the average size?—A. I cannot give you the dimensions off hand, but the seating capacity is for 250.

The CHAIRMAN: Mr. Fleming.

By Mr. Fleming:

Q. Will you clear up one question in my mind, please. Is the chapel referred to at Comox one of standard design?—A. I cannot confirm that, but to the best of my knowledge it is.

Q. And the cost figure you gave us was \$58,000, was it not?

The CHAIRMAN: That figure was given by somebody else. He did not give it.

Mr. FLEMING: Can we have the exact figure, then?

Mr. BENIDICKSON: There was another figure given by a member of the committee which had something to do with \$½ million. I think it was related to recreational facilities.

Mr. HERRIDGE: It arose from a demand for a list of buildings and in connection with defence construction on Vancouver Island.

Mr. McILRAITH: Those are municipal buildings, and the figures they put in are for the cost of construction. They are not related.

The CHAIRMAN: Do you know what the cost of the chapel was at Comox?

The WITNESS: No. DCL would have to give you the exact figure. But the figure mentioned would be a reasonable one for that type of chapel.

Mr. FULTON: Public accounts say that they run to about \$65,000.

By Mr. Fleming:

Q. I thought he said \$161,000 was spent in connection with landscaping at Brantford. Over what period of time were those expenditures made?—A. You would have to obtain that from Central Mortgage and Housing Corporation.

Q. That question can be noted, Mr. Chairman.

The CHAIRMAN: Yes. They will be warned.

By Mr. Fleming:

Q. My next question is whether the services or goods were extended throughout the country?—A. There again, that would be for Central Mortgage and Housing Corporation to answer.

The CHAIRMAN: Is it Central Mortgage and Housing Corporation or Defence Construction?

The WITNESS: No. Central Mortgage and Housing Corporation. They are the ones who are responsible for our married quarters program.

Mr. BENEDICKSON: How are we going to get that information?

The CHAIRMAN: Central Mortgage and Housing Corporation have a man present who is making a note of all these questions.

By Mr. Fleming:

Q. Were there similar purchases from other firms for landscaping services or goods?—A. That would require reference to Central Mortgage and Housing Corporation. But I might say that landscaping is confined to the minimum which I have mentioned, and those are the only standards which are approved.

Q. The information I want apparently you have not got. But in reply to one of my questions asked at the last meeting you have tabled this morning what is called a return of school location and size, excluding classified establishments.

The CHAIRMAN: Please read the complete question. Is that the full question?

By Mr. Fleming:

Q. No. That is the heading. I cannot make a check of the question because we have not got the last day's proceedings yet. But as to the significance of the exclusion of classified establishments, what do you mean in that regard?—A. There are certain stations which, for security reasons, are classified, and about which we are not permitted to table information.

Q. Then the only exclusion from this return has to do with schools which are within security areas?—A. That is right.

Q. I noted in the text that there has been checked off that further information has been prepared. What is the other information that is not on these sheets?

The CHAIRMAN: It was the name of the contractor. It was not asked for in the return.

By Mr. Fleming:

Q. If it is within the power of Mr. Davis to obtain it, I would like to have the name of the contractor and the amount expended. Even if I did not ask for the amount at the last meeting, it was an over-sight because I intended to do so.—A. I took it off for that reason. The responsibility as to the contractor and the amount expended is that of Central Mortgage and Housing Corporation; I think we should limit our answer to what the question asked, which was merely the location and size of the schools.

Q. Was the list itself prepared from information in your department, or in reference to Central Mortgage and Housing Corporation?—A. We are advised by Central Mortgage and Housing Corporation what schools are being constructed. We make the demand for them on Central Mortgage and Housing for that work and then we obtain periodical reports from them showing the progress.

Q. In preparing this return you had to go to Central Mortgage and Housing?

—A. Yes.

Q. It might have been simpler to refer the matter firstly to them.

Under the heading "types 1, 2, 3, and 4", what is the classification to which it applies? Is that the military establishment or school?—A. That refers to the size of the school. Schools vary from six to eighteen rooms and the six rooms we classify as type 1 structure and it goes to 10, to 14, to 18 rooms.

Q. Type 2, 6 to 10, type 3, 11 to 14, type 4, 15 to 18.—A. I can get the exact types to which they refer but that is the classification.

Mr. ADAMSON: At what military establishment have you in class 4, 18 rooms?

The WITNESS: Barriefield is one example.

Mr. FLEMING: This return on schools shows Greenwood, Nova Scotia; Namao, Alberta; Rockcliffe, Ontario; Trenton, Ontario; Barriefield, Ontario; Calgary, Alberta; Camp Borden, Ontario; Petawawa, Ontario; Camp Shilo, Manitoba; Esquimalt, British Columbia; and Tuft's Cove, Halifax, with type stage 4.

By Mr. Fulton:

Q. I want to ask Mr. Davis some questions based on the answer, but before that I ask question I wish to ask him about the statement he tabled last meeting. On page 4 of that statement where you are describing the standards of construction and break them down to classes 1, 2 and 3. You said class 2 was used only to the level of established peacetime requirements. What does that mean? —A. The meaning there is where the continuing need can be established and where we can foresee that it will justify permanent construction.

Q. Well, when you say "established peacetime requirements" do you mean the present establishment for the forces or the previous establishment; let us say where there was a ceiling of 35,000 pre-Korean which has been very substantially increased post-Korea, which ceiling do you have in mind? Which ceiling do you have in mind when you referred to peacetime requirements? —A. I was not referring to any ceiling. I was referring to the requirements which had been established for that station by the service concerned. Might I give an example. For an R.C.A.F. training establishment, if they can foresee and justify a requirement for certain accommodation as a continuing one, then we would consider that the best form of construction was class 1 or class 2.

Q. I presume that there must be some process of review. Are they simply able to say that we will have at this camp or this establishment so many men for such and such a period and then go ahead and build to that ceiling or must they show how many years permanency—how many years permanency must they show?—A. Normally we ascertain from the service by their obtaining approval from the chiefs of staff or whatever body would be most competent to give that approval as to what the nature of the continuing requirement would be. We would not consider class 1 or class 2 for anything less than say 20 to 25 years.

Q. The answer will partly be covered in the question which General Pearkes asked last time, but I wonder if you could have a witness who would tell us which of these camps would be permanent?—A. That will be covered in the question asked by General Pearkes. We will show excluding classified establishments the installations where we are constructing permanent accommodation.

Q. Last meeting Mr. Thomas was asking some questions as to married quarters construction programs, and I was not able to gather from your answer whether you have any limit or ceiling for the married quarters construction program. Am I right in that assumption?—A. We have approval for meeting the requirements which can be established by the service for that period, but I do not think one could look ahead and find a ceiling for a requirement which could not be adequately justified. We are trying to meet existing requirements as they are submitted to us.

Q. But, we are told, for instance, that the ceiling presenting authorized for the forces I think was \$130,000. That is during this emergency. Have you got any quota or proportion or percentage of the number up to which you are prepared to build married quarters?—A. No. To the best of my knowledge we have not because it depends on so many different factors, where the forces are to be employed, whether it is necessary or desirable that the dependents should be with them. In certain cases they are provided with allowances. In certain cases we provide married quarters for them. But, we attempt to assess in relation to each station the requirement for accommodation for dependents and the most economic way of providing that accommodation. If it is possible to rent locally or make other arrangements, we would take that into consideration before providing service married quarters.

Q. So, I take it the situation is there is no ceiling or fixed proportion but it depends upon the estimate in the department of the need at each particular establishment and may vary year by year or from time to time?—A. That is so.

Q. And, turning to your answer which you gave us this morning dealing with the amount authorized in the establishments for your construction program in each of the last three years up to March 31st, 1953, you have with respect to the year 1951 a note "A" which reads "The figures for 1950-51 are commitment authority of which about 65 per cent represents net cash estimates". Could you explain that to me?—A. I can tell you the explanation which was given to me on that. In 1950 and 1951 the new program was just being developed and the estimates for construction were put in the form of what commitment authority it was considered the services would require during the current year. They did not make in that year an estimate of the cash which they would expand during the year I presume because it was not possible to make a firm estimate on which a figure could be based.

Q. You have given the total for each of the years in round figures, \$95 million for 1950-51, \$192 million for 1951-52; and \$257 million for 1952-53, and I take it that these are the amounts which were actually authorized in the main estimates for those years and the total of those figures is \$514,827,225. Now, in order to get at the amount of expenditure actually authorized should I deduct 35 per cent from the figure you have given for 1950-51, that is the difference between 65 and 100 per cent?—A. I do not think you can do that and obtain an answer because I understand parliament authorized the commitment of certain work to the value of what was shown.

Q. So, for the purpose of this discussion we can use the total figure of \$514 million as being authorized for the three years?—A. For the commitment in the first year the actual cash expenditure would be somewhat less than that.

Q. You have given the figure here in your statement that it is estimated by the end of the fiscal year 1953 the total will be \$412,380,000. Now, relating that to the figure given in the answer you tabled it appears parliament has authorized expenditure of \$100 million more than you have spent. That is \$514 million as against \$412 million?—A. I do not think that would be a correct assumption because the commitment which was authorized in 1950-51 was greater than the cash provision made. It would be correct to take something less than that as cash if it was provided for expenditure in that year.

Q. Then, using your 65 per cent figure for 1950-51 we would deduct \$33 million, that is the difference between 65 per cent and 100 per cent, which gives a total of \$481 million authorized for the three years, 1950-51, 1951-52, 1952-53; would that be as close as we can get to the \$481 million?—A. That is the best I could give you.

Q. Using that figure, is it not the situation parliament has provided or authorized in the estimates \$481 million whereas you have only spent—I am sorry about the word "only", take it out—you will have spent at the end of this year \$412 million?—A. May I point out there that that is our estimate of expenditure which is based on information we have received. It is merely our

estimate of expenditure figure, our actual expenditure is largely outside of our control. We are responsible for the preparation of designs and specifications for these projects. We pass them to other agencies, defence construction limited, Department of Transport, Central Mortgage and Housing, who will not undertake construction unless they can be assured they will have the wherewithal to meet the commitments. The rate of the expenditures is almost entirely outside the control of the Department of National Defence.

Q. I understand that, and I am not suggesting any criticism or asking you for an explanation as to why less may have been spent than was authorized, but the picture I am interested in is that taxes are being based on the figures given in the estimates. We have raised the sum of \$481 million for this purpose of which \$412 million has been spent, about \$70 million less than was raised by taxes. Now, I want to know whether or not I am also correct in understanding that there would then be required to be raised by parliament the difference between \$412 million and the amount which will have been spent by the end of this year and the \$757 million, the total which you anticipate your program will consist of. Approximately \$345 million are still to be raised.—A. That would be the estimated amount required to complete physically the program which has been approved, but may I mention one thing. It would not necessarily be the case that money which had not been expended under construction would not be expended, because I understand there is provision for switching cash between different primaries which have nothing to do with construction.

Q. That may be so, but what I am interested in is the money which has been raised for construction, money which was raised on the basis of the estimates for these years we are dealing with, which appear to me to have exceeded by \$70 million the amount actually spent on construction. Now you require another \$345 million to complete your construction program, and we are going to have to raise that \$70 million over again. Is that not correct?—A. I do not think you can say that because, again, I understand that in 1950-51 the cash was not allocated between primaries.

Q. I was using your 65 per cent figure. I made that adjustment, reducing the total raised during those three years from \$514 million to \$481 million. Now I am using this \$481 million figure on which we have taken into account the 1951 situation, which you outlined, and it is on the basis of that figure that I got this other figure, that the amount authorized in the estimates asked for on the basis of the cost of construction is some \$70 million less—I beg your pardon, \$70 million more than the amount that you have spent to date.

Mr. DICKEY: That is the total for the three year period?

Mr. FULTON: Yes, that is right.

By Mr. Fulton:

Q. It seems to me it follows from that since you have not yet completed your construction program and must, therefore, ask for further appropriations through the estimates, we are going to have to raise that \$70 million as a construction figure, provide for it again in the estimates, and, therefore, it will be reflected in the taxes of subsequent years.—A. Again, might I suggest that would depend on the over-all decision and whether that money, which you regard as surplus, could not in fact be expended against other primaries and whether in future estimates if we had exceeded or over-expended, we can get money which has already been provided under other primaries. I think one would have to take construction as only a portion of the over-all program and I believe that was the basis on which cash was allocated.

Q. I do not quite follow your reasoning there.

Mr. DICKEY: It is obvious.

By Mr. Fulton:

Q. It is going to need a re-vote of the money to provide funds for your construction program, is it not?—A. Under certain conditions it might, but I would say under certain other conditions it might not, depending on whether the total cash for the total program had been utilized.

Q. What you are saying there, Mr. Davis, is surely just this—if in a subsequent year you find that other parts of the defence program are underspending their authorization, then you may be able to transfer what in that year would be a surplus back to your defence construction account; isn't that what you say?—A. That may be so. There might have been provision for transferring surplus funds from construction to other primaries where it was required, I do not know.

Q. There is no certainty at all that there may be such surplus in any other branch of the defence spending program, is there?—A. I am afraid I am not competent to say that at all.

Q. If the estimate is accurate, it will be very much less than a certainty that there would be such a surplus?

The CHAIRMAN: The witness said he could not answer that.

Mr. FULTON: Then I will leave it this way with Mr. Davis. He can answer this question if he can. Barring some unforeseen surplus under some other heading of the defence spending program, it will require a re-vote of that \$70-odd million to complete your construction program as you have outlined it in the statement you left with us Tuesday?

Mr. DICKEY: I do not think the witness can agree with that.

The CHAIRMAN: Let the witness answer.

The WITNESS: As the program stands now, there is that balance to complete. I cannot say that that is on the basis of commitment authority. It is still outstanding for an approved program. We cannot say definitely whether construction prices will rise or will fall—

Mr. FULTON: Yes, Mr. Davis, I may accept—

Mr. DICKEY: Let the witness finish his answer.

By Mr. Fulton:

Q. I am recognizing the fact that these figures may be approximations, but we have to deal on the basis of the figures you have given us and I am not pinning you down to figures that may be subject of criticism later, but let us take these figures as the basis to complete your program, which you estimate will cost a total of \$757 million. Is it or is it not the case that, barring some surplus which at the moment is unforeseen or unforecast, in some other heading of the defence spending program, the defence spending program is going to require a re-vote of approximately \$70 million to meet that figure which you have given us of \$757 million, the total anticipated cost of defence construction?—A. I am sorry I cannot agree because if for instance you had a 20 to 25 per cent drop in the cost of construction comparable to the increase which has occurred since this program was envisaged, it might quite easily do a great deal to wipe out any such difference by the end of the program—

Q. The witness is not—

The CHAIRMAN: Now now; try, Mr. Fulton—you are presenting a very difficult question, a fair question, but a very difficult one, and the witness finds it very hard to answer. This comes on him suddenly. Let him answer it and then you might ask further questions.

Mr. FULTON: Let me take this observation. I take the figure which he has given us here, which is the most recent figure that could be arrived at, the total estimated cost of \$757 million. I said I do not want, or I am not trying

to establish a basis of subsequent criticism if it turns out not to be \$757 million, but I want an answer from Mr. Davis on the basis of that figure.

Mr. APPLEWHAITE: Well, let him answer.

The CHAIRMAN: Now gentlemen.

The WITNESS: My only feeling is that we should be given the benefit of any decrease in construction costs just as we have had to bear the brunt of increased costs. In this program of \$757 million the commitment authority has had to be increased to meet the increased costs of construction and, therefore, if we could have at the beginning of this period in 1950 foreseen the requirement for the five-year period at the cost of construction as in 1950 it would not be \$757 million, it might be something less, and if costs go down, the commitment figure may still be somewhat less. The amount of money which will in fact have to be raised to meet this program does depend on features such as the costs of construction as well as the rate at which construction can be carried out.

Mr. FULTON: You appreciate, Mr. Davis, that if costs go down, costs of government do not always follow.

The CHAIRMAN: Costs of construction, not government.

Mr. FULTON: Costs of construction. That costs of construction would go down, but in fact costs of construction have been rising, I believe, and yet we find that the amount authorized by parliament under the heading of construction has exceeded the amount actually spent by \$70 million to date. Now, I am asking you to bear with me and leave out these outside factors, such as a possible decline in construction costs. You estimate as of the present time, as of the date you compiled this statement, that the total amount required to complete your defence construction program would be \$757 million. Now we have to finalize this somewhere and I am pointing out that up to the present time we have authorized, and there has been voted, some \$70 million more than has been spent for defence construction that is not—you told us yesterday—available anywhere in reserve and, therefore, all the \$345 million, which you anticipate on the basis of present costs, you will have to raise to complete your defence construction program. I am asking if \$70 million of that will not be re-voted.—A. I am afraid I cannot agree, because the amount has been built up year by year based on estimated commitment authority, and certainly that will vary and change; this \$757 million may vary, as you say, and the cash required to meet it—

Q. Well, Mr. Davis, is there any value—

The CHAIRMAN: Gentlemen.

Mr. FULTON: Mr. Chairman, this witness is not answering my question. If he cannot answer it, why doesn't he say so?

Mr. APPLEWHAITE: You do not give him a chance to answer.

The CHAIRMAN: You have already put your question and twice, in the middle of his answer, you interrupted the witness.

Mr. APPLEWHAITE: Three times.

Mr. FULTON: Because the witness is not meeting my question.

The CHAIRMAN: To the best of his ability—I am under the impression he is trying. I can see the point of your question, give him a chance and let him complete his answer, and then you can ask another one. Answer the question, please, Mr. Davis.

Mr. FULTON: I would suggest to you, and I do not want to be unfair to this witness, and I realize it is obvious Mr. Davis does not wish to give a direct answer, and perhaps he cannot; and if he cannot, then he should say so, but I would ask him to base his answer on this figure of \$757 million. A figure

based on some other hypothesis is not answering my question. If Mr. Davis does not prefer to answer it on the basis on which I asked it, well and good.

Mr. DICKEY: Mr. Chairman, I would like to make this observation. I think the difficulty here is that Mr. Fulton is not recognizing that the \$757 million is in itself a hypothesis.

Mr. FULTON: I am asking the witness to stick to his own hypothesis.

Mr. DICKEY: Not at all. You are asking him to adopt a figure which is a hypothesis, an amount that is not voted by parliament, which is not an estimate voted by parliament, and saying that a part of that has to be re-voted.

Mr. FULTON: I am basing my question on the figures voted by parliament, supplied by Mr. Davis this morning. If Mr. Davis cannot or does not wish to answer the question on the basis of the hypothesis which he himself has put forward here, that the total costs will be \$757 million, that is all right with me, but he is not answering my question, for he is now introducing another hypothesis, and I want to ask him to stick to the figure of \$757 million and to discuss it on the basis of this figure.

Mr. DICKEY: Mr. Chairman—

Mr. FULTON: I am asking Mr. Davis.

Mr. MACDONNELL: Mr. Chairman, I thought the witness was sitting beside you.

The CHAIRMAN: The witness is here if you will give him a chance.

The WITNESS: The basis, as I see it, Mr. Fulton, is that dealing with it this year as we see it now and based on present prices and estimated costs, we consider that the commitment authority necessary to meet the balance of the program approved is this figure. This commitment authority will be subject again to revision each year as we come up to this period, and I do not think it would be fair or reasonable for me to try to forecast for possibly another three years, which we estimate it will take to complete this program, the actual cash which will be required, because I do not know that it will be this. From our best experience we feel that it will vary and the rate of expenditure is only one of the factors which will affect the cash to be spent and voted by parliament each year for construction.

Mr. FULTON: I will have another try at it. On the basis that your present estimate is correct, and you have told me your present estimate is \$757 million—on the basis that your present estimate is correct, will not there be included in the amount required to be voted to complete that estimate the sum of \$70 million as a re-vote?

The WITNESS: Well, I would say only to the extent that the previous amount had been specifically earmarked and devoted to construction. Inasmuch as it was a flexible amount within the estimates which could be expended against different primaries, I would say that I would not be in a position to answer that question.

Mr. MACDONNELL: I would like to ask a question as to the relationship and the responsibility of the various agencies which enter into this construction. There is National Defence, Defence Production, Defence Construction, Central Mortgage and Housing and, I think, in certain cases the Department of Transport. The witness told us the other day—and his words were, I think, "Designs for permanent married quarters were prepared initially by the services..." In other words, the design of any structure comes from the Department of National Defence. What I am asking is, would the witness just indicate to us when the design has been prepared or completed by the engineers of National Defence—which is very well staffed with engineers—what is the chain of responsibility from then on. I observe on page 5 of Mr. Davis's

memorandum to this committee, at the bottom of the page, a statement that says: "It was then decided that Central Mortgage and Housing Corporation should take over the construction of permanent married quarters..." There is a special statement there that Central Mortgage and Housing were asked to take this over, but that is a general statement. I am asking, what is the chain of responsibility?

The CHAIRMAN: May I put it this way, Mr. Macdonnell—let us ask Mr. Davis to take a case, to start right at the beginning, where they acquire a property, and then go through the chain of responsibility. Mr. Davis, who acquires property?

The WITNESS: If we start with the property, the responsibility for acquisition of the property, I think should be outlined by Colonel Campbell.

The CHAIRMAN: Very well.

Mr. DICKEY: He outlined that for us.

The CHAIRMAN: I know he did. Colonel Campbell said the responsibility of the Department of National Defence was for what?

The WITNESS: For property acquisition.

The CHAIRMAN: And the leasing of property.

Mr. MACDONNELL: Mr. Chairman, is there not one question which should be answered? Who determines what property is desirable or suitable? Is that determined by the Department of National Defence? I assume that it is.

The WITNESS: Yes, it is a responsibility of the Department of National Defence to establish what property would be required to meet a certain establishment.

The CHAIRMAN: Very well.

Mr. DICKEY: Perhaps we might clarify one additional question. The chief of staff or somebody of that kind would decide whether or not a specific establishment was required at a specific location. Is that right?

The WITNESS: And what its role would be, whether of a continuing or a non-continuing nature.

Mr. MACDONNELL: I appreciate Mr. Dickey's desire to be helpful, but I hope he will not substitute himself for the witness.

The CHAIRMAN: We have got the property acquired. We have now acquired the property. Let us carry on.

The WITNESS: It has been the responsibility of the Department of National Defence to plan and design the necessary installation to meet the established requirement which has been approved by an authority competent to settle that question.

Mr. BENIDICKSON: What is that again, please?

The CHAIRMAN: To settle that question.

Mr. BENIDICKSON: Who has that authority?

The CHAIRMAN: The authority came before the requirement; the authority to acquire the land for a specific purpose. That is what he is referring to.

Mr. BENIDICKSON: Somebody must have to approve the over-all site.

The CHAIRMAN: Mr. Dickey has given very good evidence on that. Please go ahead.

Mr. DICKEY: Thank you, Mr. Chairman.

The WITNESS: The design, again, may be prepared in one of several ways, although the responsibility for the adequacy of the design rests with the Department of National Defence. In the case of an airdrome it may be desirable to pass the requirement on to the Department of Transport and to obtain from them their estimate of the cost of the construction necessary in order to meet the requirements; the design is then checked and approved by the Department

of National Defence and the service requiring it, and they are then responsible for providing the funds. If Defence Construction Limited is acting as agents for National Defence, they would carry it out on our behalf.

By Mr. Macdonnell:

Q. Who are responsible?—A. National Defence is responsible for the planning and design.

Q. Who did you say might carry out the work?—A. It might be done by one of several agents who would be acting for or doing the work for National Defence. Generally speaking it is the Department of Defence Construction, through Defence Construction Limited to whom we would pass our plans and specifications together with the money which is estimated to cover that particular work.

Q. Does the Department of Defence Production not enter into this at all? A. As I have just said, generally speaking it is done by the Department of Defence Production through Defence Construction Limited and we would deal with them directly for the execution of the work which we had planned and designed.

Q. In the case of married quarters?

The CHAIRMAN: No, no. We are getting ahead of ourselves. Please proceed.

By Mr. Macdonnell:

Q. I thought the witness was going on. After that, Defence Construction, I take it, is merely an intermediary. It does not actually do the work itself. Does it not employ somebody else to do the work?—A. That, Mr. Macdonnell, I would prefer to leave to Mr. Johnson of Defence Construction to explain. He carries out the responsibility which is entrusted to him. But our responsibility is to provide him with plans, specifications, and funds. And the next step we do is to take over the completed installation as owners.

Q. One question as to the funds, because this thing came up in the House of Commons a while ago and I remember that the Right Hon. Mr. Howe did say something about it. I shall read to you from page 4965 of *Hansard* for June 29, 1951:

Mr. HOWE: The staff of Defence Construction is small, but it is responsible for keeping in touch with the services, working out their requirements and making sure that the money is provided to cover the project.

I am puzzled by that because I thought you said it was the Department of National Defence that had to make sure about the money?—A. We have to be sure of funds before putting work in the hands of Defence Construction Limited. We have a responsibility to find out that the funds we are providing will be sufficient, based on our design; and we obtain an estimate of cost from a consultant or from the service concerned. We then pass to Defence Construction Limited the request for them to construct the work for us at an estimated cost of so much. Defence Construction Limited will then make their own estimate, or will take our estimate, and will either confirm that figure or will say to us that in their opinion it will cost a different amount to construct the work. They will then come back to us and ask us whether we wish to continue with the work at our estimated price, or, if they think the cost is greater, will we provide the funds?

Q. Let us assume we have got to the place where you and Defence Construction Limited are in agreement that certain work is to be proceeded with. Has the Department of National Defence still got any responsibility?—A. Only for owner inspection.

Q. Would you say a word more as to that? What does that actually involve. What do they, in fact, do?—A. Legally we have the responsibility

of taking over the building when it is completed and offered to us for acceptance. And in order to assist our officers in taking over, we do, in certain cases, visit the building during construction in order to see how it has got along, from the point of view of progress. We take the same interest in the building that a normal owner would take in something which was being constructed for him. But we are not in any sense responsible for the manner of construction or how it is built.

Q. So you say that in fact you do not infrequently follow up and take steps, I presume, through engineers, to see that the work is satisfactory to you as it goes along. But what in fact is your practice? Do you do that yourself or not? You say you do not have a responsibility to do it, and yet as a matter of business I suppose you do it all the time?—A. It would depend again on the location, the size and the scope of the project.

Q. And for whom it was being constructed?—A. We do have certain officers who visit these sites and who report to us as owners, on the progress of the work, and whether or not it is satisfactory.

Q. They would be your own officers?—A. Yes. That is merely for our information, and it is not in any way incumbent on us to make such inspections.

Q. Whom do you consider to be responsible once you have handed out the design, let us say, to Defence Construction Limited?—A. We consider that Defence Construction Limited is responsible for building for us the installation which we have specified and for which we have provided plans, specifications, and the money.

Q. What staff have they got to follow it up? Is that a question I should ask you?

The CHAIRMAN: They will be here as witnesses.

The WITNESS: I think Defence Construction should answer that question.

The CHAIRMAN: Yes. Mr. Johnson should be able to answer it. Mr. Fleming?

Mr. FLEMING: There are several matters in which I am interested, Mr. Chairman.

Mr. DICKEY: Mr. Chairman, if I may be permitted, there is one question arising out of that which I would like to follow up. There is a continuing responsibility for design, and design changes; but the construction itself is not the responsibility of the Department of National Defence.

The WITNESS: That is correct. Where there is any reference to drawings or specifications which require design changes, it is referred back and approved by the Department of National Defence.

By Mr. Fleming:

Q. I come back to the matter of schools, and I observe from that statement you submitted this morning that, apart from classified or security areas, you have built 42 schools, containing 423 classrooms. Can you tell me what the school population is for whom this provision is made?—A. We base the provision of schools actually on the number of children at the station. The classrooms are built to accommodate from 30 to 35 children. Before a school is approved, first of all we satisfy ourselves that there is no alternative means of obtaining education for them; and secondly, that the population actually exists for the school which we construct.

Q. Do you mean to say that you ascertain what the school population is before you approve the project for construction?—A. Generally speaking, yes. If we have a certain number of married quarters approved, at a certain site, we would try to provide school facilities which would be completed there at the same time. We have actual figures to show for our married quarters the

average population including the number of children of school age; and we would calculate our requirements for schools at that particular spot.

Q. For the purpose of justifying the construction of 423 schoolrooms which, according to the figures you have given us, would accommodate from 30 to 35 children per room, that would mean a school population of around 14,000, leaving out the security areas. And I return now to my original question to which you have not yet given an answer. What is the school population? Do you depend on the census for the school population, or have you records in the department to indicate what the school population is?—A. Yes, we have.

Q. Could you give them to us, then?—A. Exactly what would you like, the number of children, or the average number of children per family?

Q. No. Let us have the school population.—A. The school population?

Q. Yes, by age. I mean the number of children enrolled in the schools in each case?—A. Well, we can obtain that for you.

Q. The next point is this: I see a number of auditoriums are constructed for these schools, for stage four schools and especially for stage three schools, and I think there are other auditoriums as well. What is the policy of the department with respect to the construction of auditoriums in those schools?—A. I can obtain that for you. You ask. At what stage do we construct an auditorium?

Q. I am thinking about the policy involved, what it is designed to provide in the way of accommodation, and what it is in these schools at stage three and stage four. I think, in one or two others as well you have auditoriums. Is it feasible to give us an estimate of the cost of construction of the auditoriums?—A. We could obtain the cost of construction of the auditoriums, yes.

Q. And can you also furnish us with the seating capacity of the auditoriums, and perhaps make a note of the equipment?

The CHAIRMAN: Please wait a moment while he makes a note of this.

Mr. FLEMING: It will be in the record, Mr. Chairman.

The CHAIRMAN: Yes, but he will not be getting the record before the next meeting.

By Mr. Fleming:

Q. May I say one thing?—A. In general we try to provide accommodation much in accordance with that of the province or the area where we are operating, and that is one of the factors which influences us in providing auditoriums in schools of a certain size.

Q. There is a specific item there as well. Now with respect to the four room installations and the civil schools, are there any other cases in which your department would actually construct or provide accommodation for existing schools which are operated by civil authorities? Will you bring us information, estimates, or detailed information on this particular matter, if it is at all feasible?—A. Yes.

Q. Now, as to the next point, you referred in several of your answers to Mr. Fulton's questions to the possibility of the cost of construction going down with respect to the plans or the projected program of construction. Have you based any estimates on that possibility? In estimating for the remaining years of construction, are you basing your estimates on the assumption that there is going to be a rise in construction, or on stability in costs, or to this reduction in construction costs to which you had adverted, perhaps hopefully?—A. I would prefer to have Mr. Johnson answer that question because he knows their estimate of cost.

The CHAIRMAN: Generally?

Mr. ADAMSON: These are public schools only. There are no high schools included in any of these schools?

The WITNESS: I can obtain an answer for that.

The CHAIRMAN: I do not think they provide high schools, but we can find out.

Mr. HARKNESS: I have one question.

Mr. FLEMING: I have not quite finished, but take Mr. Harkness now.

By Mr. Harkness:

Q. You gave on page 6 of your memorandum the total of the married quarters as being 19,650 which you expect you will have by the end of the fiscal year 1953-54. You have not given any place the number of single men that you will have accommodation for by that time. Can you give us that figure. I do not necessarily mean single men, but accommodation other than married quarters?—A. We could obtain that for you, but it will cover all different types if accommodation. I mean it would not necessarily be—

Q. I do not care what type. I want the total accommodation for other than married quarters. Could you obtain that for the next meeting?—A. I will find out. If that is available I will prepare it for the next meeting.

Q. I would not think there was any question of it being available.—A. It is difficult in certain cases to give you a picture that would be accurate, because in certain cases we have renovated and kept accommodation habitable pending completion of new constructions. In other cases, we have tried to keep water-proof certain accommodation in sites which is not being used immediately rather than declare it surplus, in case it would be useful in the event of an emergency.

Q. You would prefer to bring the question in the form of permanent quarters, and non-permanent quarters?—A. We are already providing for you the permanent stations excluding classified areas and on these stations the amount of permanent construction which is being built as against the total accommodation. Would it be helpful if you looked at that first and then you could say what beyond that you would like to have.

Q. I do not think it would be, because you will have a long list of things there. What I would like is a bulk figure.—A. A bulk figure of total accommodation at the present time available for utilization.

Q. At present on hand.

The CHAIRMAN: Other than married quarters?

Mr. HARKNESS: Yes.

Mr. DICKEY: Do you mean reserve forces accommodation?

Mr. HARKNESS: That is not living accommodation.

The WITNESS: Training accommodation, that is one point. There are certain camps used only in the summer where certain accommodation is available, and they may be using wartime camps.

By Mr. Harkness:

Q. What I would like to know is the amount of accommodation we have at the present time for army, navy, and air force personnel.—A. Single accommodation.

Q. Yes, other than married quarters.

Mr. HUNTER: Both active and reserve.

Mr. DICKEY: Yes, he wants the whole thing.

Mr. HARKNESS: And you can bring it down any way you like.

Mr. DICKEY: Mr. Harkness, do you want accommodation in Europe and Korea or just in Canada?

Mr. HARKNESS: I want the total accommodation. If we have any accommodation that we built in Korea that could be included, but in that case it would need to be under the headings of Canada, Korea and Europe.

The CHAIRMAN: The question refers to Canada, and I think that is all we are concerned with.

Mr. HARKNESS: It refers primarily to Canada.

The WITNESS: You wish given separately any accommodation that is not maintained on which the department is not spending any money. There is certain wartime accommodation which is just being allotted to us.

Mr. HARKNESS: I will leave it entirely in your hands Mr. Davis, in whatever way you think is most acceptable and the best form to give the information.

The CHAIRMAN: Mr. Fleming, have you any questions?

Mr. FLEMING: I have a couple.

The CHAIRMAN: Here is our difficulty. We started to investigate the acquisition and leases of properties at three points which seemed very interesting. I had hoped that we would be able to answer some questions on them, when Colonel Campbell was before us. I thought we would start dealing with some specific items—Gagetown, Rocky Point and similar stations. It seems to me we are now diverting ourselves. Do you think there is any profit in diverting ourselves. Should we not come back again to the original programme in order to deal specifically with some items.

Mr. FLEMING: There are so many points we have encountered in which the information of this witness is limited and we are going to have to go to Mr. Johnston next to get that type of information. There are a few things Mr. Davis still has to get returns for for the next meeting. I have a couple of things I would like to ask him, but so far as Colonel Campbell is concerned, may I just give notice of something which he may prepare.

I would like to obtain from Colonel Campbell a statement of all properties acquired by the department since March 31, 1950, with, in each case, the cost. If there are security considerations applied to some of these then I presume they have to be set aside just as was the case with the schools. We understand we have not complete returns on the schools. These figures given were figures of the total excluding all schools built in security areas. I am prepared for exceptions here if it should be necessary. I hope it will not.

Mr. DICKEY: There was a good deal of information tabled last year on that.

The CHAIRMAN: Yes, we provided that information last year. I am informed we had provided the information up to the 31st of January last year, and it will be provided up to date.

Mr. FLEMING: That will be the 31st of January, 1951.

The CHAIRMAN: No, January 1952.

Mr. DICKEY: Mr. Fleming did not have the advantage of being a member of the committee last year, but that was the date.

The CHAIRMAN: Lands and Buildings—appendix 13 in the 1951 evidence—a complete list from the 31st of November, 1951 to the 31st of January, 1952.

Mr. FLEMING: Can we have that information extended.

The CHAIRMAN: It will be provided up to the 31st of January, 1953. I think that is possible. Yes. Keeping in mind what I have said, I should like you to get on. There are a great number of matters to deal with. I would like you to limit your questions, because Mr. Davis and Mr. Campbell will be here all the time while Mr. Johnson is on the stand and if you want to revert at some point or another we can always do that.

Mr. APPLEWHAITE: We might carry right on, because we will have more of a continuity in the evidence now that we have Mr. Davis before us. I want to play around for 20 minutes or half an hour.

The CHAIRMAN: For 20 minutes or half an hour! You had better play some other place.

Mr. FLEMING: I want to give notice of one other thing. The witness referred to the fact that consultations were conducted from time to time, sometimes with consultants outside the department, with reference to valuation or acquisition of properties. Could he give us a statement on payments made to persons outside the department.

Mr. CAMPBELL (Real Estate Advisor, Assistant Deputy Minister of the Department of National Defence): Broken down individually?

Mr. FLEMING: Yes, and up to the present fiscal year, since March 31st, 1950.

The CHAIRMAN: I know what you want. The committee is adjourned gentlemen.

The committee adjourned.

OFFICE OF THE JUDGE ADVOCATE GENERAL

"D.N.D."

When giving evidence before the Committee on Thursday, March 5, 1953, I was asked two questions which I was unable to answer at the time. The questions of Mr. Fleming and General Pearkes and answers are as follows:

APPENDIX No. 19

Mr. Fleming:

Q. Were these irregularities a factor in the release of the two other officers?—A. No. Both officers were released from the army at their own request.

March 12, 1953.

APPENDIX No. 20

Major General Pearkes:

Q. Were the released officers pensionable at the time of their release?—A. No. Neither of the officers who were released at their own request had served the minimum period necessary to become eligible for a pension. Major Elmer, Major Pumble and Captain Baldock, the three officers who were connected with the Petawawa irregularities, were released for misconduct and were, therefore, entitled to no benefits under the Defence Services Pension Act other than the return of the contributions made by them. The case of the sixth officer released has not as yet been considered by the Services Pension Board.

March 12, 1953.

Appendix No. 21

(Answer to Mr. Henderson)

Re: CURRIE RECOMMENDATIONS

The forty-four (44) Recommendations contained in the Currie Report on an Investigation of Army Works Services, Department of National Defence, have been studied by officials of the Department. They are dealt with under the following headings:

- | | |
|--|----|
| 1. Those which have been anticipated and are in the process of being carried out | 27 |
| 2. Those which are urgent and will be carried out as additional manpower becomes available | 4 |
| 3. Those which involve additional manpower and money and will have to be the subject of further study | 8 |
| 4. Those which do not involve additional manpower and money but will require further study | 3 |
| 5. Those which are considered unsuitable for adoption at the present time | 2 |

1. HAVE BEEN ANTICIPATED AND ARE IN THE PROCESS
OF BEING CARRIED OUT

Recommendations

Comments

Recommendation No. 1

The new organization set up for the service at Army Headquarters should be filled as quickly as possible and selection of personnel for key posts should reflect the paramount importance of its managerial function.

The revised establishment for the Army Works Services at Army Headquarters, approved in April 1952, provides for 102 military and 183 civilian positions. 11 of these military and 66 of these civilian positions have not been filled.

Recommendation No. 3

Creation of Administration Service Teams in the Inspection Division is required.

An inspection and audit group of 10 civilians is provided for in the new establishment of the Directorate of Works, which was approved on June 5, 1952. The Chief Inspector was appointed in October 1952, five technical officers, two departmental accountants and two clerks have been appointed. There is one unfilled position.

Recommendation No. 4

Effective action on the reports of the Chief Auditor is essential.

As a result of a study made by the Army Works Services during 1951 of the reports of the Chief Auditor, the number of observations indicated that improvement in administration was needed. At the Chief of the General Staff's conference with General Officers Commanding early in December 1951 the latter were directed to give a greater amount of their personal time to all aspects of administration and, in particular, to investigate and take disciplinary action when the reports of the Chief Auditor indicated such a need. Since that time there has been an improvement in administration. Since January, 1952, the observations of the Chief Auditor have been sent by the Chief of the General Staff to Commands for explanation and necessary action through Command channels instead of through Engineer channels. This change means that the General Officer Commanding and his staff are personally apprised of the observations, rather than as had been in some instances in the past merely the Engineer elements of the organization.

The Inspection and Audit Group mentioned in Recommendation No. 2 has been set up.

Recommendations

Recommendation No. 5

More frequent inspections and audits are necessary.

Recommendation No. 6

Evidence of wasteful and unauthorized expenditures should be promptly and thoroughly investigated and sanctions applied against offending personnel as warranted.

Recommendation No. 7

Top personnel must free themselves of as much detail as possible to supervise more effectively the enforcement of established policies. They should lay greater stress on their administrative functions and ensure by personal visits to lower echelons that prompt action is taken to rectify unsatisfactory conditions.

Recommendation No. 8

Periodic meetings of Officers Commanding Works Companies and Detachments should be held at Command Headquarters.

Recommendation No. 9

Basic principles of management must be adhered to by all Officers Commanding Works Companies and Detachments.

Comments

The field staff of the Chief Auditor's Branch was enlarged by the addition of two more Regional Offices in 1951, bringing the total to seven, and by an appropriate increase in the number of auditors at each office. The Army Works Service plans to carry out two inspections of each Works Company and Detachment annually with the Inspection Division referred to in Recommendation No. 3.

This has been the procedure laid down and its importance was again emphasized by the Chief of the General Staff at his conference with the General Officers Commanding in December 1951. The process of thorough investigation is often a lengthy one, particularly where legal or disciplinary action is indicated. Any irregularities reported are thoroughly investigated. G.O.C.s have been reminded of the need to apply sanctions as warranted.

Means of freeing senior officers from details has been under study from time to time in order that they may spend a greater amount of time ensuring that Army Headquarters policies are being followed, and this is being actively followed up. However, with the heavy burden of work resulting from the increased activity of the Army, the heavy building and procurements programme, senior officers will continue to be tied to their desks more than is desirable.

Instructions have been issued to Commands to hold conferences with Officers Commanding Works Companies and Detachments not less than every three months.

Agree, but this cannot be implemented quickly while the shortage of officers and civilian executives exists. As establishments are brought up to strength and as personnel are given further training, this situation will improve progressively.

Recommendations

Comments

Recommendation No. 11

The establishments and wage scales of the Army Works Services have been neither realistic nor adequate, and need revision.

Revised establishments, providing for additional and more highly paid personnel, have been approved. These establishments, when filled, should be adequate for operations at the present level. The Civil Service Commission in advertising the four key civilian positions in each Works Company has not specified a salary scale pending determination of rates necessary by the examination of candidates.

Recommendation No. 12

Manuals of organization and operation should be revised and co-ordinated with training programmes.

A Publication Division has been set up for the purpose of rewriting the manuals for the operation and organization of the Army Works Services. There is now a staff of three in this division and the section of the regulations dealing with cost accounting has been completed and it is expected will be published by April 1. It is anticipated that it will take a year to complete the whole work. The firm of MacDonald Currie & Co. have been engaged to advise on this work.

Recommendation No. 14

Posting of military personnel for longer periods is needed so that they will have sufficient time to attain efficiency in their jobs.

Efforts have been and will continue to be made to do this but the Engineer Officers and other ranks in the Field Squadrons in Korea and Germany must be replaced after serving their normal tour of duty. This makes it necessary to move personnel more often than is desired.

Recommendation No. 15

The circumstances under which military personnel may accept outside temporary employment requires precise definition.

Queen's Regulations define clearly the circumstances under which officers and men may accept civil employment. These are considered to be adequate.

Recommendation No. 18

Emphasis is required on the need for accurate distribution of costs. Otherwise data become meaningless and control over authorized expenditures difficult.

This is being corrected and improvement will be accelerated as establishments of Detachments, Companies and Army Headquarters are filled and new personnel become trained.

Recommendations

Comments

Recommendation No. 19

Work order forms and related procedures require revision.

The new work order was already in the hands of the printer but was withdrawn with a view to having it made a prenumbered document to increase control. It is expected this will be in use by April 1, 1953.

Recommendation No. 21

Rigid enforcement of the procedures covering approval of projects is needed. Disciplinary action should follow where deliberate intent to circumvent regulations is evident.

Canadian Army Orders detail the authority for approval of projects and the purchase of materials. Queen's Regulations define the liability of Officers and men for misuse of or deficiencies in public property for which they are responsible. Each case will be followed up and disciplinary action taken when indicated.

Recommendation No. 23

Rental of Equipment to civilians requires control, and rates and procedure defined.

Revised procedures are in the course of preparation. The following interim instructions are in effect.

Recommendation No. 29

Rigid control, in accordance with regulations, is required of all loans of stores to military personnel and employed civilians.

1. NOTWITHSTANDING THE PROVISIONS OF CAO 201-6, LOANS OF ARMY MATERIAL WILL NOT BE PERMITTED EXCEPT AS OUTLINED BELOW:

Recommendation No. 30

Prohibition of loans of materials, stores and equipment to civilian contractors is desirable.

2. ALL CURRENT LOANS AUTHORIZED BY COMMANDS WILL BE TERMINATED AND THE MATERIAL ON LOAN WILL BE RECALLED AS SOON AS PRACTICABLE. THIS WILL NOT APPLY IN THE CASE OF

- (A) LOANS TO OTHER GOVERNMENT DEPARTMENT:
- (B) LOANS TO CIVILIAN FIRMS ENGAGED IN DEVELOPMENT OF EQUIPMENT FOR ARMY USE
- (C) LOANS SPECIALLY AUTHORIZED BY AHQ.

3. WHERE THE USE OF DND PROPERTY IS SPECIALLY PROVIDED FOR IN A CONTRACT, THE TERMS OF THE CONTRACT WILL APPLY."

Recommendations

Comments

Recommendation No. 24

Real property records must be brought up-to-date as quickly as possible as these records are fundamental to the effective use of the accounting system.

The desirability of bringing real property records up-to-date as early as possible is recognized but, due to the inability to maintain basic records of Department of National Defence property during the Second World War, there is an accumulated backlog which will take upwards of three years to deal with. However, these records do not themselves control the expenditure of funds and materials, and therefore more urgency attaches to the records of receipts, issues and stocks of materials, job costing, the return to stock of materials removed from buildings and the residue from completed jobs, and the completion of the records of installed engineer equipment.

Recommendation No. 26

Monthly inventory counts, as required by regulations, must not be neglected.

Owing to the lack of personnel and the heavy work-load on Companies and Detachments, it has not always been possible to do this. The CGS has issued instructions that monthly inventory counts will be made in accordance with regulations even if this entails reducing the amount of work carried out on buildings, utilities and property.

A complete stocktaking has been made at 16 Army Works Services Detachments and of the remaining twelve, it is expected eleven will be completed by March 31st and the remaining one by June.

Recommendation No. 27

Suitable stores controlling accounts should be incorporated into the general ledger.

In the re-write of the "cost accounting procedures" stores controlling accounts will be set up by classification of stores.

Recommendations	Comments
<i>Recommendation No. 28</i>	
<p>Stockpiled and surplus stores should be taken away from Works Companies and Detachments and administered separately.</p>	<p>No. 1 Engineer Stores Depot has been opened in the warehouse building at 25 Central Ordnance Depot, Montreal. The approved establishment provides for 8 military and 112 civilian positions of which 6 military and 37 civilian positions have been filled. To date thirty carloads of stores have been shipped from various works companies in Eastern Canada to the Depots. The depot can handle one carload per day. This can be increased to two cars per day when the Depot's establishment is filled.</p>
	<p>No. 2 Engineer Stores Depot at Wainwright has not yet commenced operations. The establishment of 6 military and 30 civilians have been approved by the War Establishment Committee. It is planned to use two existing drill halls for storage purposes. Operations will commence when key staff positions have been filled.</p>
<i>Recommendation No. 31</i>	
<p>Orders with respect to the return of materials to stores require clarification. The importance of these must be emphasized to personnel.</p>	<p>The existing regulations provide for the return of all surplus materials from projects. This point was emphasized by the QMG and DQMG (W & Q) during the conference of Command and Engineer Officers, 5-8 January, 1953. The Army Works Services Inspection team has been instructed to look into this point carefully during its inspections.</p>
<i>Recommendation No. 32</i>	
<p>Strict control of the handling of scrap is needed.</p>	<p>Scrap is disposed of by Crown Assets Disposal Corporation. Canadian Army Orders issued on October 13, 1952, detail procedures to be used. Under these regulations, scrap must be recorded in the books until disposed of.</p>
<i>Recommendation No. 33</i>	
<p>Materials of necessity left in the open should be protected and secured.</p>	<p>There are times when it is not possible to carry out this recommendation. However, every effort will continue to be made to ensure that a minimum of construction material is left unprotected and that all stores which are readily merchantable are returned to the warehouse compound.</p>

Recommendations

Comments

Recommendation No. 34

Added strengths to Provost establishments are required.

It is proposed to increase establishments by 262 all ranks. An increase to establishment does not necessarily remedy the situation. At present the Provost Corps are deficient 200 all ranks on their current authorized establishment. Recruiting has been difficult but in 1952 a net gain in strength of 256 was made. Assuming recruiting continues at the same rate it will be the beginning of 1955 before full strength is attained.

Recommendation No. 44

The Provost Corps should be brought in at the early stages of investigation into irregularities or major losses so that complete evidence will be obtained for the purpose of Courts of Inquiry and prosecution.

Orders and instructions require that all irregularities and losses, major or minor, be reported to the Provost Corps. In every case that warrants such action, the R.C.M.P. is brought in and the Provost Corps and R.C.M.P. work in closest possible co-operation.

2. ARE URGENT AND WILL BE CARRIED OUT AS ADDITIONAL MAN-POWER BECOMES AVAILABLE

Recommendation No. 10

Each Works Company or large Detachment requires the following key civilian personnel:

- (a) An Administrative Officer.
- (b) A Chief Foreman of Works.
- (c) A Technical Stores Officer.
- (d) A skilled Chief Estimator.

The new establishments provide for these personnel. Competitions for the key positions closed Feb. 11. The Civil Service Commission have interviewed candidates at all principal centres across Canada. To date forty of seventy-six positions have been filled.

Recommendation No. 13

Selection and development of one company along the lines of a "pilot plant" is desirable. Officers and other ranks could be temporarily posted to it for training.

This is desirable and will be implemented as soon as the new establishment is filled for at least one company. "It is planned eventually to have three pilot plants" one in Western Canada, one in Central Canada and one in the Maritimes.

Recommendation No. 17

The quality of cost estimating needs improvement to make the system effective.

The provision of a skilled estimator referred to in Recommendation No. 10 above should improve the present system.

Recommendation No. 25

A uniform stores catalogue is highly desirable.

A group of experts from industry have agreed to co-ordinate with Army Works Services officers in the production of a suitable catalogue.

3. INVOLVE ADDITIONAL MANPOWER AND MONEY AND WILL HAVE TO BE THE SUBJECT OF FURTHER STUDY

Recommendations

Comments

Recommendation No. 2

Creation of a staff agency is needed at Army Headquarters to supervise the enforcement of established policies; to control organization; costs; methods and manpower and overall performance. Publication and Inspection Divisions of the organization should be under its direct control.

This recommendation has been under study since Mr. Currie's report was received. From the study it appears that a staff agency is desirable and, tentatively, the plan is to regroup the Inspection, Establishment, Administrative and Publications Divisions of D Works establishment and add to this a Management Control Division and a small staff agency to control these Divisions. This would involve an increase of approximately ten positions.

Recommendation No. 35

Increased Camp patrols are desirable.

The provision of Provost Corps personnel is covered under Recommendation No. 34. Provision has been made in the planned increase in Provost personnel to provide supervisory personnel for corps of Commissioners engaged on patrols.

Recommendation No. 37

Barriers or gates on back roads in camps are needed.

A group of officers from the General Staff, Adjutant-General and Quartermaster General Branches is studying this recommendation along with all recommendations on security. Most camps cover large areas, are not fenced, and have a large number of routes of entry and exit. The provision of gates and gate guards would not be effective unless they were connected by miles of expensive perimeter fence which, in turn, would have to be continuously patrolled. It is generally more economical and satisfactory to provide security by appropriate compounds within the camp. The matter of additional barriers or gates on back roads is being examined and if this examination indicates any places where these would be useful and economical they will be provided.

Recommendations

Comments

Recommendation No. 38

Townsites should be segregated from camps proper.

This is desirable and is followed in laying out new townsites, but the cost of re-locating townsites would be prohibitive. The advantages of fencing existing townsites or camps is questionable in light of the costs involved.

Recommendation No. 39

A Royal Canadian Mounted Police constable should be stationed in camps.

In the opinion of the Commissioner of the Royal Canadian Mounted Police, it is unnecessary to locate a constable at Petawawa as there is a detachment located at Pembroke, some 12 miles away. There are resident constables at Camp Borden, Camp Shilo and Churchill.

Recommendation No. 41

Burglar alarm systems should be installed in larger warehouses where valuable and attractive stores are kept.

The cost in relation to additional protection has to be carefully assessed. This is also being studied by the group from General Staff, Adjutant-General and Quartermaster-General Branches.

Recommendation No. 42

Suitable forms of gate passes deserve study.

Civilian Guards or Military Police are stationed at the main entrances to most camps and gate passes are generally required to be shown when materials or stores are being taken out. It is questionable how much further control can be extended without severely interfering with the day-to-day business of camp.

Recommendation No. 43

Modern radio equipment would help the Provost Corps.

A test is being carried out with radio equipment by the Provost Corps in the Toronto area. The extent to which radio equipment might contribute to the prevention of the theft of stores or other illegal or irregular acts will be considered after the results of the trials are known.

4. DO NOT INVOLVE ADDITIONAL MANPOWER AND MONEY BUT WILL REQUIRE FURTHER STUDY

Recommendation No. 20

A system of work approvals incorporating tentative or preliminary estimates should be installed.

A study is now underway to give effect to this.

Recommendations

Comments

Recommendation No. 22

The existing regulations relating to the approval of projects require modification to provide more delegation of authority with respect to minor new construction projects.

A recommendation is at present under study to provide for a further delegation of authority for construction projects.

Recommendation No. 36

The Corps of Commissionaires should continue to be employed on gate duties but with more adequate supervision.

It is planned to provide more supervision by the provost corps.

5. THOSE WHICH ARE CONSIDERED UNSUITABLE FOR ADOPTION AT THE PRESENT TIME

Recommendation No. 16

All payments owing to the Crown must be made to the Receiver General. All ranks should be prohibited from accepting either cash or cheques or money orders made payable to themselves or to their office.

In Section 16 of the Financial Administration Act, which came into effect on April 1, 1952 it is provided that "all public money shall be deposited to the credit of the Receiver General". The corresponding provisions of the Consolidated Revenue and Audit Act, which this act replaced, were to the same effect.

The National Defence Act in Section 107-B, Queen's Regulations (Army 103.49 and Canadian Army Order 7.5) require that all payments received must be deposited to the account of the Receiver General.

All contracts for the disposal of surplus stores and scrap are required to be made through Crown Assets Disposal Corporation, which arranges for payment.

Arrangements for the lease of land, disposal of wood, timber, haying privileges, grazing privileges, fruit crops, gravel, etc., result from formal agreements after tender. The fact that there is an agreement and that this is followed up by Headquarters and Treasury Officials ensures control.

The Department of National Defence and the Armed Forces are required to perform services such as those for telegraph communications over the whole of the Northwest Territories and for hospitals services at outlying stations such as Churchill, in respect of which it would be quite unrealistic to require payment by cheque.

Recommendations

Comments

Recommendation No. 40

A special investigation staff working under the Provost Marshal (Army) is required.

The Provost Corps investigates all serious cases brought to its attention and when special investigations are required, co-operates closely with the Royal Canadian Mounted Police. The officers and men of the Provost Corps are selected and trained to have the character and qualifications necessary to do their jobs. However, it is not considered desirable, for the present at least, to endeavour to set up in the Provost Corps a parallel and competing organization to the R.C.M.P.

March 12, 1953.

APPENDIX No. 22

The percentage of Naval personnel which are not housed.

Answer: The total number of naval personnel not housed by the Department of National Defence as at January 31, 1953, is 3,834 out of a total strength of 15,216 or 25%.

APPENDIX No. 23

(Answer to Mr. Fleming)

RCAF DEPENDENTS SCHOOLS—EXCLUDING CLASSIFIED
ESTABLISHMENTS

Location	Type
Aylmer, Ont.	Stage I 2 Room Spec. Steelex
Bagotville, Que.	Stage I 4 Room Special
Bagotville, Que.	Stage I 5 Room
Bonnyville, Alta.	Stage I 6 Room
Comox, B.C.	Stage I 6 Room
Centralia, Ont.	Stage III 14 Room with Auditorium
Chatham, N.B.	Stage II 10 Room
Clinton, Ont.	Stage I 6 Room
Camp Borden, Ont.	Stage II 10 Room
Claresholm, Alta.	Stage I 6 Room Spec. Steelex
Fort Nelson, B.C.	Stage I 4 Room Spec. Steelex
Gimli, Man.	Stage I 6 Room Spec. Steelex
Goose Bay, Lab.	Stage II 10 Room
Greenwood, N.S.	Stage IV 18 Room with Auditorium
MacDonald, Man.	Stage I 6 Room Spec. Steelex
Moose Jaw, Sask.	Stage I 6 Room
Namao, Alta.	Stage IV 18 Room with Auditorium
North Bay, Ont.	Stage I 6 Room

SPECIAL COMMITTEE

Location	Type
North Bay, Ont.	Stage II 4 Room Extension
Portage La Prairie, Man.	Stage I 6 Room Special Steelex
Penhold, Alta.	Stage I 6 Room
Rivers, Man.	Stage III 14 Room with Auditorium
Rockcliffe, Ont.	Stage IV 18 Room with Auditorium
Summerside, P.E.I.	Stage II 10 Room
St. Hubert, Que.	Stage I 6 Room
St. Hubert, Que.	Stage I 4 Room
Saskatoon, Sask.	Stage I 6 Room
Sea Island, B.C.	Four-Room Extension to Civil School
Trenton, Ont.	Stage IV 18 Room with Auditorium
Trenton, Ont.	Stage I 6 Room
Uplands, Ont.	Stage II 10 Room
Winnipeg, Man.	Stage I 6 Room

ARMY DEPENDENTS SCHOOLS

Barriefield, Ont.	Stage IV 18 Room with Auditorium
Calgary, Alta.	Stage IV 18 Room with Auditorium
Camp Borden, Ont.	Stage IV 18 Room with Auditorium
Churchill, Man.	Stage II 10 Room Spec. with Auditorium
Petawawa, Ont.	Stage IV 18 Room with Auditorium
Picton, Ont.	Stage I 6 Room with Auditorium
Camp Shilo, Man.	Stage IV 18 Room with Auditorium

NAVY DEPENDENTS SCHOOLS

Dartmouth, N.S.	Stage II 10 Room
Esquimault, B.C.	Stage IV 18 Room with Auditorium
Tufts Cove (Halifax, N.S.)	Stage IV 18 Room with Auditorium
March 12, 1953.	

APPENDIX No. 24

(Answer to Mr. Fleming)

Q. DM approvals given to projects under \$25,000, i.e. on how many occasions and what was the value of the work.

A.	Service	No. of A for P's Approved by DM	Total Amount of A for P's Approved by DM
	Navy	2	\$ 35,698.00
	Army	34	551,874.00
	R.C.A.F.	22	384,848.66

(Period September 15th, 1952, to date)

March 12, 1953

APPENDIX No. 25

(Answer to Mr. Fulton)

DEPARTMENT OF NATIONAL DEFENCE
ESTIMATES OF EXPENDITURES—MAJOR CONSTRUCTION PROJECTS
NAVY—ARMY—AIR FORCE

	1952-53 \$	1951-52 \$	1950-51 (a) \$
Navy	19,250,000	18,859,600	12,951,000
Army	77,161,000	60,000,000	30,527,908
Air Force—Service Program	112,766,200	102,015,310	51,785,407
Air Force—NATO Aircrew Training	18,195,000	11,365,000	—
Totals	227,372,200	192,239,910	95,264,315

(a) The figures for 1950-51 are "Current Commitment Authority", of which about 65 per cent represent net cash estimates.

March 12, 1953



HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

(SPECIAL COMMITTEE

ON)

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

TUESDAY, MARCH 17, 1953.

WITNESS:

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

MINUTES OF PROCEEDINGS

TUESDAY, March 17, 1953.
(16)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Blanchette, Boisvert, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Herridge, Hunter, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Power, Stick, Thomas and Wright.—(22)

In attendance: Messrs. H. A. Davis and W. R. Wright, Department of National Defence.

The Chairman tabled answers to questions by Messrs. Adamson, Herridge, Fleming and Pearkes relating to

1. Construction policy, etc., in Europe,
2. Authorized establishment of R.C.A.F. at Comox, B.C.,
3. Payments to civilian real estate agents, March 31, 1950 to January 31, 1953,
4. Permanent and total peacetime accommodation at various stations for the three services.

Ordered,—That the above answers be printed as appendices.

(See appendices Nos. 26 to 29 inclusive to this day's evidence).

Mr. H. A. Davis was called and further examined on acquisition and leases—land and buildings—particularly with respect to Esquimalt, Rocky Point, Penhold, Namao, Wainwright and Camp Borden.

Complete answers relating to establishments at Penhold and Namao were ordered incorporated in the record.

Messrs. Fleming, Hunter, Adamson and Stick gave notices of specific questions.

At 1.05 o'clock p.m., the Committee adjourned to meet again on Thursday, March 19, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

March 17, 1953.

The CHAIRMAN: Gentlemen, I see a quorum.

I have some answers here this morning for Messrs. Adamson, Herridge, Fleming and Pearkes.

(See Appendices for questions and answers.)

Mr. FLEMING: Are the answers available now?

The CHAIRMAN: The member who receives the answers is the only one who has the information. I suggest that if you ask questions arising from the answers that you put the rest of the committee in the picture. Some further answers are being prepared and will be made available at the next meeting.

Gentlemen, Mr. Davis is here. I think Mr. Applewhaite indicated he had a few questions. I suggest that instead of continuing to question generally you might start particularizing and deal with acquisition and leases at Esquimalt, Rocky Point and Galetown. Mr. Davis is prepared to answer questions on those projects. Then we can deal with some of the other projects in more detailed fashion.

Mr. FLEMING: There are one or two general questions I thought he was going to clear up.

Mr. DECORE: Is Mr. Davis prepared to deal with the Cold Lake project?

The CHAIRMAN: Yes.

Mr. FLEMING: There are several questions of a general nature I thought we were going to clear up first. Have you the information with respect to the school population?

The CHAIRMAN: I asked about that and it will be ready before the next meeting.

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements, Office of the Assistant Deputy Minister (Requirements), Department of National Defence, called:

By Mr. Fleming:

Q. At the last meeting I was at the point of asking a question in relation to the assumption by the Department of National Defence of the construction project carried out on its behalf by the Department of Defence Construction. The proceedings of the last meeting are not available and I do not recall whether I actually put the question. Can you give us any instances, Mr. Davis, where the Department of National Defence has not accepted the construction projects that have been carried out on its behalf by the Department of Defence Construction either outright or temporarily?—A. Perhaps I should outline the procedure in taking over projects.

Q. I thought you did that at the last meeting. I was carrying on from there.—A. Offhand, I know of no cases where we have refused to take over a project, but there are cases where there have been deficiencies shown at the time of the take-over which have been left for subsequent correction.

Q. What did your department do in those cases? Did you accept delivery of the projects or did you withhold acceptance until the projects had been

completed to your satisfaction?—A. Where we have needed to occupy as a matter of urgency it is normal to accept the projects provisionally which we do on a provisional certificate. In certain cases where we have no immediate need, it may be more practical not to enter occupation until the changes have been made.

Q. I take it in some cases you accepted it provisionally and in other cases you withheld acceptance until the project had been completed to your satisfaction?—A. That is right.

Q. Can you give us a list of those falling in the two categories and follow up with a note of what was done subsequently to bring the project in conformity with your requirements?—A. Might I suggest that as these are D.C.L. projects, they might give you the details better than we could because we would have to go to them where projects have not yet been completed. In practically all cases there would be some deficiency or other. It is very seldom that on a big project you would, when you take over, find everything to your complete satisfaction. In the taking over of a large project you would follow it up before the complete take-over and be assured remedial action has been taken.

Q. As I understand the process your department does not take over or accept the project which has been undertaken on your behalf by the Department of Defence Production until you are satisfied with your inspections that the project has been completed in accordance with the requirements of the department and in accordance with the plans and specifications. I am quite prepared to have the information most readily available, but I was directing my question rather to what your department's inspectors had found was lacking according to your laid down requirements, and therefore I thought you would be the person to furnish the information because you are the department that found fault with the manner of completion.—A. We can obtain that information for you if it would be useful, but I would like to point out that there are a very large number of individual buildings that have been taken over in this program and if you require a detail of all the deficiencies, major and minor, which have been found in each building which has been taken over, it would be a very laborious and lengthy proposition.

Q. I was not proposing that you go that far. I thought you might be able to prepare a statement and I thought it might show the date of completion, the date on which it was offered to your department by the Department of Defence Production and what you did by way of accepting provisionally or rejecting. Perhaps you can make a brief memorandum on the nature of it, and then what follows. For instance, it might have been completed, the project accepted on some later date, or it might be that the project is not yet complete and you are awaiting delivery after completion, something to that effect.

The CHAIRMAN: Would it suit your purpose if he gave three in each province. He said that it would be very laborious to go through them all. Unless you have something specific, might he pick out three of over \$1 million apiece?

By Mr. Fleming:

Q. Would not the suggestion I have made accomplish that purpose?—A. There are hundreds of buildings that have been made over in the program and it would mean a review of each building to find out the conditions under which it was accepted, the deficiencies listed in the interim certificate, if it was issued, and to follow up the action taken. It would be available and on record, but it would take a very large amount of labour to dig that out for each individual building.

Q. How many might there be within the categories we have been discussing?—A. I could not offhand tell you how many have been handed over complete without any deficiencies, but I would think there would be very few where there would be no criticism whatever of the completed project and where we had listed no deficiencies. They may be of a very minor nature, but would be things we would have to have completed before we take the building over unconditionally.

Mr. DICKEY: My understanding of the discussions in the steering committee was we were going to try to deal with these matters on the basis of the various projects that the members of the opposition wanted looked into, for instance a project like Penhold. I am sure we can go into this in the greatest detail and give the committee a full picture of everything that happened on those particular stations, but to ask the witness to go through the whole program and get the kind of information Mr. Fleming is asking for, is I think exactly the kind of thing that the steering committee wanted to get away from simply because of the tremendous amount of work involved.

The CHAIRMAN: The danger here is we are going to obtain a mass of information and we are going to have to dig our way out of it. If you had two or three examples from each province and familiarized yourself with them then, from the information that you obtained you could pursue the matter further when Mr. Johnston is on the stand.

Mr. FLEMING: Perhaps this will meet the exigency. I will have a talk with Mr. Davis and we will see what we can do to meet on some common ground.

By Mr. Fleming:

Q. One more question. There has been some questioning and answering on this matter but I am not altogether clear on it and I think perhaps Mr. Davis will understand my difficulty about it. It arises out of the final paragraph of his statement and also out of a couple of statements in his statement before us. May I indicate the passages in question, at the top of page 3 in the first line. (See coloured mimeographed report.) You have reference to the post-war program in the words "This program originally was designed to be developed over a ten-year period". And then, halfway down, just at the conclusion of the portion headed "The effect of Korea and NATO", you have reference to a permanent construction program extending over a three to five year period. And then, the final paragraph, on page 7, speaks about the major construction program for the Department of National Defence from April 1, 1950 to the 31st of December, 1952, amounting to \$757,500,042.

Mr. Davis, would you try to clarify the situation for me relating those statements together. In other words, are we to understand that you took the post-war program, the one originally constituted to be carried out over a ten-year period, and actually compressed that program into the three five-year period and that that program is a program which is estimated in terms of \$750 million? If those inferences are not correct, would you please correct me?—A. Yes. The statement that the original post-war program was compressed from ten years into three to five years is correct.

Q. I understand it is the same program you chose for that ten-year period and compressed it into a shorter period as a result of what happened in Korea and NATO?—A. That was the program which was being planned for the permanent accommodation of the forces as reconstituted after the war and was, in the light of the crisis in Korea, inadequate because the strength of the forces was increased and we had to expand that program. Two courses of action were taken; one was on permanent stations where there was a continuing need for accommodation or where we had already planned accommodation in our post-war construction program where we took steps to accelerate that program

and tried to keep it within three to five years as opposed to the original ten. Subsequently we expanded the program to meet the requirements which had become additional to the post-war program as a result of the emergency which began at the time of Korea. So the figure of \$757 million would include not only the permanent construction which was visualized in the original post-war construction but also the additional construction which was resultant from the crisis which started in Korea.

Q. In other words we have both compression and expansion?—A. Yes.

Q. Are you in a position to give us some indication as to how much of this represents expansion?—A. Offhand I could not give you a money value on it. It would require an analysis of the value of the contracts which were visualized in the post-war construction program.

Q. Is there anywhere available in the department any general estimate as to how much of this large figure represents that ten-year program compressed into the shorter period on the one hand and additional construction dictated by Korea and NATO commitments on the other hand?—A. No. To the best of my knowledge there were no figures kept on that basis. We took our requirements in each year on the basis of what we had already planned and what additional was required and expanded our program that way, but so far as I know there was no over-all costing made of the post-war program as it would have developed over the ten-year period.

Q. Now, are we to understand that the \$750 million figure represents the department's estimate of the cost of completing the total construction program?—A. That figure of \$757 million includes the total presently approved major construction program.

Q. What relation does that approved program bear to the total construction program after the compression and expansion was taken into account? Can you give us an over-all figure so that we may estimate what proportion of it this \$750 million represents?—A. No. I am afraid I cannot do that because we have as I said tried to work out year by year what our requirements are. But, so far as I am aware we have not yet arrived at the position where we can say we will construct so much and no more. We cannot yet give a forecast of what we may build in the next period.

Mr. MACDONNELL: Does it really have any relation to the ten-year period?

The WITNESS: It has not had any relation really to the ten-year program. The ten-year program was inadequate in the light of the crisis arising from Korea. We knew we needed that much. There was no cutting down of the forces. Where we knew we were going to have to build this permanent construction at permanent stations, it was changed to expedite that construction and expand the balance in a less permanent form of construction.

By Mr. Fleming:

Q. Is there a total construction program you have mapped out?—A. There is the presently approved program which is based on our requirements up to the present time.

Q. I understand that. That just represents your approved program for three years actually?—A. Yes. But that might take another three years to finish.

Q. There are annual approvals of programs, but what I am trying to get at is information about your total program and how this aggregate of the three annual authorized programs fit into that total. Is there such a thing as a total construction program that the department has approved in some form as a working course year by year?—A. To the best of my knowledge

there is only this presently approved major construction program. I do not think it would be possible to foresee what might be our requirements in the next even two or three years in the way of a works program.

Q. I understand you work a year at a time. For the fiscal year did you have to get approval of that specific program?—A. That is the program for the year. Each year we review our program and modify it in the light of recent requirements. In any one year it would represent what at that time we considered our requirement to be. That includes work to be carried forward for the next two or three years, but it is that part of the program which we hope physically to commence or continue during that year.

Q. Mr. Davis, I do not know that you have cleared up the problem I had in my mind as to how far ahead you were planning or whether there is such a thing as a total construction program. I gathered that there was.

The CHAIRMAN: Mr. Fleming, does he not say from year to year. I thought that was as far as he could go.

Mr. MACDONNELL: I think what Mr. Fleming is asking is relevant. I understood Mr. Davis to say earlier there was a program which had been expanded in size and protracted in time which he referred to as a three-year program and I wrote down a phrase in which he said it may take another three years to finish it.

Mr. FLEMING: That is why I directed the attention of the witness to the phrases in his own statement that the program previously designed would be developed over a ten-year period.

The CHAIRMAN: The committee understands that the ten-year period was a peacetime program and that it became either a three or five year program with Korea.

By Mr. Fleming:

Q. When you talk about a program to be constructed on a three to five year period, I infer from that that there is a program laid out and you estimate physically you can lay it out in three to five years, but, is it not a fact that you have not got a plan, laid out, a complete plan but you are estimating virtually your requirements not much further ahead than the fiscal year. Is that the kind of program you are doing, a year at a time, for the following fiscal year?—A. The post-war construction program was to provide complete permanent accommodation for post-war forces which were at that time in 1946 reconstituted at 35,000 in all three services. Now, that post-war program has been included in this \$757 million and has been compressed into a three to five year program. Now, in addition as government policy added to the forces and different requirements were established, we have assessed each of those requirements to the best of our ability and added to this original post-war program. So that what we have now is an expansion and an expeditement of the post-war program which gives us up to the present year the requirements which have been established for accommodation and construction. That program will not be completed physically for another two or three years and I do not think anyone could say within the next two or three years other requirements would not be established which would require us to add to the program, but to the best of our knowledge now we have in this program the established requirements up to this current year.

Q. It may not be altogether clear to you Mr. Davis, but if so I will do my best to make it clear to you. I am thinking in these terms. You spoke about a program that is something that is planned with some measure of definiteness. Any plans you make must yield to circumstances from year to year and there may be expansion dictated by circumstances. I was trying to relate the figure of \$757 million to (a) the program referred to on page 3, and (b) the overall

construction program as compressed in point of time and as expanded to the extent you have described this morning. Is there anything more you can add to help us understand it?—A. I do not think there is anything I can usefully add unless you could put a more specific question. If I could take an example. We have a NATO training commitment for air training. We do not know how long that commitment will last. At the moment accommodation for that portion of our program is in class 3 or rehabilitated wartime form of construction. If we learned at any future time that that commitment was going to be a continuing commitment, we would then consider replacing all, or part of the wartime construction with a more permanent form of construction. I do not think this construction program is a thing you can at any particular date saw off, and say this will be the complete requirements because it depends on factors which I do not think are known to us.

Q. You mention that the post-war program was geared to a target of 35,000. Did I correctly understand you?—A. That provided for the post-war forces. That is correct.

Q. Now, what is the target now that you are gearing your program to?—A. I could not tell you off hand the overall strength of the forces, but our program is based on the way that these forces are located, their role, and the continuing nature of the requirements in each case. Part of the forces are employed overseas, part are employed in Canada.

Q. I can appreciate the disposition of your forces, and that the geographical basis will have a great deal to do with the nature of your construction program, but so far as the strength of the forces is an important factor—and I presume it is a very important factor—in gearing your construction program, and, as this post-war program is geared, as you have indicated to a figure of 35,000—a strength of 35,000 men—I think we should know what you are gearing the construction program to now on that aspect, namely, the strength of the forces for whom you are providing?—A. May I say that as far as it effects the construction program the requirement has to be broken down to a specific site and a particular requirement, and when it comes to that we then assess it and develop our construction program accordingly, from the construction point of view. We do not deal with the overall government policy as to what the level of the forces should be, but if there is a requirement in the army for so many schools at Borden and if there is, in order to maintain the required establishment, requirements for so many to pass through these schools, so much accommodation, certain facilities—where that requirement is established we will then provide for the necessary construction. When it comes to our operation the overall picture is broken into its component parts and each has to be established before we construct for it.

Q. You have given us the detailed method by which you go about it and your own responsibilities within the department related to that detailed work Mr. Davis, but if you are not in a position to tell us what is the overall strength to which this total program is geared, then perhaps we could get that from someone else, but I would like to get that information.

The CHAIRMAN: It is not for him. I think that was stated in the House many times.

Mr. DICKEY: Would it be correct to say Mr. Davis that, for instance, the announcement a week or so ago in the press that the total strength of the forces had gone over 100,000, that that would not have any necessary connection with your construction program at all. It would depend on the employment and the disposal of those 100,000.

The WITNESS: That is correct.

The CHAIRMAN: Mr. Fleming, if the question is how many are there in the forces, he can give nothing further on that.

Mr. FLEMING: That is not my question.

Mr. FULTON: But it was not the question of the total number in the forces, but to what proportion of the number you were planning to provide class 1 or class 2 construction for.

The CHAIRMAN: Mr. Davis said an estimate is made, and when they give him the task he does the job. How can we obtain that information at the moment is not clear to me.

Mr. FLEMING: I would like it at some time because in the statement we have been given in the House the strength of the forces is, we will say in round figures, 100,000, and so far as the construction program is concerned it is based on 35,000. I would like to know in proceeding with this construction—this very large construction program—what strength is their target? Is it 100,000 or are we to assume that the personnel program and the construction program are in complete balance? Are they constructing for something less than 100,000, if so, why? If they are constructing for something more I think the committee will want to know something about it in order to estimate the overall requirements of this program, and how long it may be expected to continue. I realize Mr. Davis may not have that information. I think that is becoming increasingly apparent, but I think we will need that at some stage.

The CHAIRMAN: Perhaps we will, but at this present stage I cannot get anyone to look at this construction program. I wish someone would talk about one construction program and then we could become more realistic. This is all very useful information and background material but if we could start dealing with specific items we could then relate it to such question as you may ask.

Mr. FLEMING: We can only relate it to something we know about and this is the stage to get it.

The CHAIRMAN: Suppose we deal with Esquimalt. It is running through my mind that there appeared in the press a story that a very large project was likely to be erected in that area—one of the largest—for which tenders have been asked. I do not know anything about that project. I do not know what it involves but once we have Esquimalt before us we can find out what is being constructed there, and assess its purpose, and then we can start relating one to the other.

Mr. FLEMING: I think one should know what you are relating it to, and it should not take long to get it and whoever has to obtain it can bring the information.

Mr. PEARKES: May I suggest with all deference Mr. Chairman—is not your method putting the cart before the horse. Surely we want—and I have been asking for it for some time—the overall policy in so far as construction is concerned, and I hope this return would have given me that overall policy that we are building permanent quarters at such and such places for so many men who fit into such and such units. Then we would know if Esquimalt, Halifax or any of these other places are going to be permanent places or whether they are not. Or whether we are building permanent quarters to meet not 35,000 but perhaps 50,000 personnel. We are certainly not building permanent quarters to take care of the whole of that 100,000 personnel and I cannot see how we can go on to an investigation of individual sites until we have that overall policy. I do not think Mr. Davis is in a position—his appointment is such that he would not be able to give us the general policy. Surely we can get a witness who can come here—and I asked for this at the first meeting of the steering committee—that we be given the overall policy and that has not been given to us yet. I am not asking for anything secret.

Mr. McILRAITH: What is this about asking for this at the first meeting of the steering committee?

The CHAIRMAN: General Pearkes, this committee deals not with policy but with expenditure as you well know.

Mr. PEARKES: I am afraid I cannot relate questions to expenditure unless one is given the general policy first of all.

The CHAIRMAN: But you asked a question with respect to permanent quarters did you not?

Mr. PEARKES: Yes.

The CHAIRMAN: And the answer was given to you in which was set out the navy, army and air force quarters class 1 and 2.

Mr. PEARKES: But even taking this return given to me there is no indication as to the policy at all.

The CHAIRMAN: We do not deal with policy.

Mr. PEARKES: Take the very first item under the navy: Halifax—permanent peacetime accommodation of new construction 1,100: total accommodation of station at peacetime capacity 1,900.

Now, if you total up all the navy, the result is a total accommodation of about 4,000. Is that the total accommodation which is being provided for the navy of a permanent nature. I am not certain.

The CHAIRMAN: It comes rather as a surprise that we are dealing with policy. I understood this committee was to deal with expenditure commitments and the economies we should recommend, if any.

Mr. PEARKES: Certainly.

Mr. DICKEY: Is it not clear from what General Pearkes has said that that is exactly the kind of question you should ask the minister in his estimates. He has the figures there and the minister is the person who is responsible for policy and that I think is one of the functions of the committee to get out the information that will permit the members to question the responsible ministers on policy at the proper time, but this committee has never had the function of examining and dealing with policy and I do not think we can.

Mr. PEARKES: There is no question of examining or criticizing policy. We just want a statement of policy.

The CHAIRMAN: If you examine your return I am told it will indicate there are 24,107 permanent accommodations. That gives you enough information from which you can derive conclusions and upon which you can ask further questions.

Mr. PEARKES: I do not know how he arrives at that figure.

The CHAIRMAN: He just added it up.

Mr. PEARKES: We have two columns in this return.

The CHAIRMAN: Let us ask Mr. Davis the questions and ask him to look at the return he gave you this morning.

Mr. MACDONNELL: Let us take Barriefield.

The CHAIRMAN: Now just one moment.

The WITNESS: That return was put in two columns to try and answer the question which has been raised by General Pearkes. The permanent stations have been listed and we have shown against each station what has been built in permanent accommodation against the overall peacetime accommodation at that station. If you add these up it comes roughly to 24,107 which would indicate that we have in the major construction program an existing new 24,107 permanent accommodations. The balance would be of a non-permanent nature which might be renovated wartime accommodation, or it might be

lower class accommodation, but we have kept our new permanent accommodation to that minimum which we can foresee will have continuing need. The figure which we gave in the general statement was of permanent accommodation required for 35,000 forces at the end of the war. Now it is quite possible that due to Korea there may be a different employment of these forces, that the location visualized after the war may have been changed, and therefore in all cases we could not proceed to build right up to that figure of 35,000. We have as the requirement has been established approved and constructed permanent constructions which from this return is now totalling 24,000 roughly.

Mr. APPLEWHAITE: A question of order or privilege whichever you like to call it Mr. Chairman. The witness has been giving answers based on a return which is not in the hands of this committee and it is quite impossible for us to follow what is going on. Surely if the answer is brought in we should all have it because we at this end have no idea of what is going on. It is not Mr. Pearkes' fault, but we have no idea of what the details are and we cannot follow the reasoning at all.

The CHAIRMAN: It was not our intention to have questioning on the same day the answer was given, but to delay it so you might have an opportunity of reading the minutes.

Mr. McILRAITH: But there are not hundreds of us here. Why cannot the return be given to every member of the committee.

The CHAIRMAN: It is very difficult to obtain the answers and make 35 copies and have it at the next meeting.

Mr. FLEMING: But we have not got the report for last Thursday yet and the returns brought in last Thursday are not available to members.

The CHAIRMAN: From the time the witness leaves here today and prepares the answers to the half a dozen or more questions they will not be ready until Thursday morning. As a matter of fact today's answers were not ready until this morning. It is difficult—they have only a day or a day and a half and sometimes they have to go outside the department for information, and by the time they obtain it they have only time to make one typed copy.

Mr. FLEMING: I appreciate the problem would not be too easy but could not we mimeograph the statement to meet this very real problem which Mr. Applewhaite has raised?

The CHAIRMAN: You will have the answers but you will have them a meeting later.

Mr. PEARKE: I only formed my question on this return because I realize he has not had time as regards matters of policy, but I have a question I want to ask Mr. Davis dealing with this statement. On page 6 he refers to "the apartment type of accommodation" which is being provided for married quarters. Could he give the committee any idea as to the relative cost of building the apartment type and the cost of maintaining the apartment type in comparison with the type which is more general—that is of individual houses?

The CHAIRMAN: That will be answered by the Central Mortgage and Housing. They are prepared to answer that question.

By Mr. Wright:

Q. On page 7 you state the total amount of the construction program is \$757,500,000. Does that include infrastructure—construction that is outside of Canada?—A. No that excludes infrastructure.

Q. Have you the figures of what the share of infrastructure will be?

The CHAIRMAN: For what was completed to date.

Mr. ADAMSON: I have them, Mr. Wright, and I may say that with these returns I have there is set forward the policy of the construction outside Canada and I think it is most valuable in that regard and I see no reason why the policy for inside Canada cannot also be set out.

The CHAIRMAN: If you can ask questions as adroitly as Mr. Adamson you will receive answers in the same way. They will answer it if they can help you. It is very difficult to know just exactly what you want. I understood quite clearly Mr. Davis' answers to Mr. Fleming this morning though Mr. Fleming appeared not to be clear, but, on the other hand, a different framing of questions or different questions may have got the answers Mr. Fleming wanted. You keep asking questions and we will try and obtain the answers as fully and as quickly as possible and give you the picture as fully as you wish. It is the only way to deal with it.

Mr. DICKEY: The original statement given by Mr. Davis sets out the departmental policy with respect to construction and it is a very clear and complete statement of policy and I think it is unfair to suggest that the departmental policy on that has not been stated. What Mr. Fleming was after was a very different question of policy and that I think is the minister's responsibility, and I do not think this witness should have been pressed to answer.

The CHAIRMAN: The witness was not able to answer, we will leave it at that.

Mr. APPLEWHAITE: I want to ask some questions.

The CHAIRMAN: Mr. Herridge asked for the floor.

Mr. HERRIDGE: I quite willingly defer to Mr. Applewhaite.

Mr. APPLEWHAITE: You may never get on.

Mr. HERRIDGE: I would just like to ask Mr. Davis one or two questions under this heading amenities. Are recreational facilities provided for defence headquarters, and if so could Mr. Davis tell us what they are and what they cost and when they are provided, and the number of military and civilian personnel in national defence.

The WITNESS: To the best of my knowledge there are no amenities whatever in national defence headquarters.

The CHAIRMAN: I am told the only recreation for the headquarters is the committee on defence expenditure.

Mr. ADAMSON: What about 312 Laurier avenue? Is that a recreation room?

Mr. HUNTER: That is a dance hall where you were.

Mr. ADAMSON: No it is not.

The CHAIRMAN: Do you know the answer I received—it is the Conservative headquarters. You have been going to the wrong places.

Mr. ADAMSON: That is Laurier avenue east.

Mr. APPLEWHAITE: Could the witness tell us if they have built or are building lean-to's on R.C.A.F. hangars running to approximately \$40,000 a piece.

The CHAIRMAN: Where?

Mr. APPLEWHAITE: I do not know where, I am asking.

Mr. FLEMING: Should you not take objection to that as being too general?

Mr. DICKEY: He is not asking about any general.

Mr. HUNTER: It may be general, but it is not confused.

The WITNESS: Is there any specific site you require information on?

By Mr. Applewhaite:

Q. I want to know if they are building lean-to's and if so, what is the cost.—A. It is correct that lean-to's have been built on war-time hangars for the purposes of providing for shops, crew rooms and squadron offices. Normally they would be 20 to 30 feet wide and the full length of the hangar.

Q. That is about what?—A. 160 feet. In some cases they would be two stories high depending upon the design of the hangar. I would not like to give you a figure of the cost unless you can give me a definite case where we could make an analysis and find out an accurate figure.

Q. That is what the average lean-to consists of?—A. Yes, that is what it is for.

Q. Have you purchased some 5,000 prefabricated huts or ordered them for stock-piling? If you want places I have in mind Nova Scotia.—A. We have purchased prefabricated huts. The number which were stored at Debert is shown as 570.

Q. What do they cost a piece, or do they vary?—A. I have not got the individual cost of these huts available. The total value of the order for the 570 huts was in the nature of \$5,062,140.20.

Q. What are these huts?—A. These huts were known as general purpose huts. They are stored for mobilization purposes, namely on anti-aircraft sites, vulnerable points on coast defences, internment camps, and so designed as to be capable of erection by unskilled labour in a very short space of time.

Q. What size are they?—A. The size is 20 feet span by 84 feet long. They are used for residential accommodation or for works purposes. At the moment they are stored against an emergency but they are visualized as providing accommodation in an emergency.

Q. How many can you get to a hut?—A. We would accommodate—and we would accommodate to the wartime scales of 40 square feet per man. It would be a question of dividing that into the size of the hut. That would be in the nature of 40 per hut. 42 I think is the actual figure.

Q. On prefabricated buildings?

Mr. THOMAS: Could I interject. Could you tell me at what other points they have those huts stored and how many at each place?

The WITNESS: I can find that out.

By Mr. Applewhaite:

Q. Have you ordered prefabricated buildings at the cost of approximately \$136,000 apiece, specifically 8 for Wainwright Alberta?—A. 8 steel frame buildings were erected at Wainwright, Alberta, but these buildings are not prefabricated buildings in the manner in which it is normally used. They are complete in every respect with concrete foundations, insulation, permanent lighting, and are heated by central heating. The buildings have a steel frame with exterior walls treated with trafford tile.

Q. What did they cost?—A. I have a list of the buildings. The cost of the 8 was \$1,098,668.

Q. What is the purpose of the buildings?—A. Three of those buildings, each 21,050 square feet cost \$141,772 and are to be used as drill halls. Three more, sized 80 x 240 feet each cost \$137,703, and are to be used as garages. One 80 x 240 at the same cost is for a tank hangar and the last one 80 x 240 feet is to be used as a gun shed.

By Mr. Decore:

Q. Are they temporary or permanent in nature?—A. They are class 3 construction.

Q. That is a temporary?—A. It is a temporary but has an estimated life of possibly 20 to 25 years.

The CHAIRMAN: Like these temporary buildings in Ottawa.

Mr. APPLEWHAITE: Is it a fact that you are building at Wainwright one swimming pool, two gymnasiums, and a bowling alley?

The WITNESS: At Wainwright gymnasiums have been constructed and a bowling alley and a swimming pool. Yes, that is right.

Mr. APPLEWHAITE: Why are you building them?

The CHAIRMAN: It is an isolated camp. I know it.

The WITNESS: It is about 121 miles I think from the nearest city of any size which is Edmonton. It houses several thousand troops on training. It is very necessary that the troops should have adequate on site recreational facilities. They are there twenty-four hours in the day and when they are off duty it is very necessary that they should have some source of healthy and suitable recreation.

By Mr. Applewhaite:

Q. Are these used entirely for recreation or are they also used in connection with training?—A. The gymnasium and swimming pool would be used in connection with training.

Q. Would you tell us how you can use a swimming pool in connection with training?—A. Yes. In certain services the instruction in swimming is part of their curriculum and they do run courses in teaching troops, airmen and ratings how to swim. In others it is part of their physical training, the swimming.

The CHAIRMAN: Has anyone else any questions along that line?

Mr. PEARKES: Is Wainwright used the whole year round?

The WITNESS: It is used throughout the year for training purposes, both summer and winter.

Mr. THOMAS: With respect to the swimming pool, is it an open or closed all year round pool?

The WITNESS: I will have to find that out, but having in mind the cost I would say it is an open pool.

Mr. LARSON: Did he not say something about escape drill and ditching drill and various purposes?

The WITNESS: The actual cost was \$21,910, so I imagine it is an open pool.

By Mr. Hunter:

Q. I have a number of questions I would like to ask about a specific camp, namely Camp Borden. I have them typed out and I can read them in.

1. A complete description of the military functions carried on in Camp Borden and for which you furnish accommodation.

(a) Army—by corps and by units

(b) Air force.

2. The average population of Camp Borden since August, 1950.

(a) Army

(b) Army dependents

(c) Air force

(d) Air force dependents

(e) Civilian.

3. A complete list of buildings in Camp Borden for the following:

(a) Army, including married quarters

(b) Air force, including married quarters

4. The buildings in Camp Borden prior to World War II.
5. A summary taken from the present buildings and the pre-war buildings showing what buildings have been renovated and what buildings have been newly constructed.
6. In population and size, what would be a comparable community, town or city.
7. Details of the following:
 - (a) Size and mileage of sewers
 - (b) Mileage of streets
 - (c) Mileage of paved streets
 - (d) Electrical supply
 - (e) Chapels or churches
 - (f) Schools
 - (g) Landscaping
 - (h) Fire protection
 - (i) Wet canteens and messes, and dry canteens
 - (j) Buildings of special design or pattern not found in a civilian community
 - (k) Ranges
 - (l) Water supply
 - (m) Hospitals
 - (n) Gymnasium
 - (o) Swimming pools
 - (p) Golf course.

Mr. FULTON: What about the riding academy?

Mr. HUNTER: I would also like to know what specific items were not paid for by the government but paid for by canteen funds or things akin to that.

The CHAIRMAN: Anything that the witness can deal with would only be matters paid for by the government.

Mr. HUNTER: Even though the canteen pays for them they are government property. The swimming pool at Camp Borden was never paid for by the public.

Mr. FULTON: Is there a riding academy at Camp Borden and on what basis is it operated, by the forces or is it a private riding academy?

The WITNESS: I can answer that.

Mr. FULTON: Put it in with the other.

The CHAIRMAN: I can give you the whole answer.

Mr. DICKEY: Can Mr. Davis answer it?

The WITNESS: The riding academy was operated on a concession basis by a civilian, run by non-public funds from a shack purchased by non-public funds. The golf course was built in 1917 at no cost and maintained by non-public funds. The tennis courts were built in 1917. There is no record of the cost of those.

Mr. FULTON: What about upkeep?

The WITNESS: Those are hard courts and little if any upkeep is required. There are actually three swimming pools at Camp Borden. There was one which was built in 1917 which is a small open-air pool and there are two other pools for the army and air force. I can get you the details of those.

Mr. PEARKES: If that information can be obtained at one camp, would it not be of interest to have that for all permanent camps?

The CHAIRMAN: It is such a large job. If there is another camp, for instance Shilo or the camp in Debert, we would be glad to do it, but do not ask us to do it all.

Mr. STICK: I have some questions to ask on Newfoundland. Some three or four years ago there was a property purchased by the Canadian government from the British Admiralty. Have you got a list of what that property consists of? If you have not got it, I will wait for it.

The WITNESS: We can obtain that for you.

Mr. STICK: You have not got it here. I understand that. What permanent quarters have you got for military personnel in Newfoundland and what temporary quarters?

The WITNESS: Those would be, I believe, included in the answer which has been given to the question raised by General Pearkes, permanent stations. Would you like to see that?

The CHAIRMAN: I will see he gets it. We are not dealing with it today.

Mr. STICK: I am giving you notice of a question. And, then I may ask questions on the answer. I want to know what permanent quarters you have in Newfoundland and what temporary quarters, and then I want to analyse it and see what requirements are there and when I use the word military I mean in the sense it is used in the Act that it comprises the three services.

The CHAIRMAN: Mr. Davis, tell us how did we acquire Esquimalt?

Mr. FULTON: From the Indians. That is the way we got the whole of this country.

The WITNESS: On the acquisition of Esquimalt, I have detail of the acreage and land which has been acquired. There was part of Wilfert road at Colwood B.C., 1.2 acres, expropriated at no cost. Lots in section 15, Colwood with buildings, 11.4 acres, purchased at a cost of \$30,000.

Mr. DICKEY: When were the dates of this?

The WITNESS: This is I think from the 31st of March 1950 to the 31st of December 1952, within that period.

Mr. HUNTER: Could I just add to those questions of mine sewage disposal plant?

The CHAIRMAN: All this information is for amalgamation purposes, I hope.

Mr. HUNTER: Yes. We are going to amalgamate with Barrie, Mr. Chairman.

The WITNESS: Property and buildings north of Admirals road, 14.1 acres, were purchased at a cost of \$18,900. 30 lots and road allowances on Constance Cove, Esquimalt Harbour, 13.1 acres, were purchased for \$58,410. Property adjoining Constance Cove, 4.5 acres by transfer from the Department of Public Works at no cost.

Part of Belmont road by transfer from the province of British Columbia and road allowance at no cost. Munroe Head, Esquimalt Harbour, lands and buildings, 5 acres, was purchased at a cost of \$247,245. A total of 49.3 acres.

Mr. FULTON: Whom was that last acquired from?

The WITNESS: I haven't the name. I understand it was Manning Timber Products. The total is 49.3 acres and the total cost \$354,555.

Mr. PEARKE: Can you tell us the total number of acreage you did not have to pay for which was either transferred or acquired?

The WITNESS: There was 5.7 acres plus road allowance which was expropriated at no cost.

Mr. PEARKE: There were 5.7 acres of that at no cost.

Mr. FULTON: Just for information, does this property at Esquimalt include what is known as Rocky Point?

The CHAIRMAN: I was going to ask about Rocky Point now. Give us the information on the acquisition of Rocky Point?

The WITNESS: There are 2,370 acres at Rocky Point in the district of Metchosin, Vancouver Island, B.C., the total cost of which was \$323,530. 2,086 acres were purchased at a cost of \$295,530. 283 acres were expropriated at a cost of \$28,000.

By Mr. Pearkes:

Q. Could you give us the dates for those?—A. The exact dates?

Q. The month would be satisfactory—A. August and October 1951 and February 1952 for Rocky Point.

Q. Are you suggesting that nothing was bought prior to 1952?—A. No. The purchase was made in August and October 1951 and February 1952.

Q. Has any construction work been done since then?—A. At Rocky Point?

Q. Yes.—A. No construction as yet has been carried out at Rocky Point.

Q. Have any expenses been incurred?—A. There have been expenses in connection with the design of facilities at Rocky Point.

Q. No building you say has been done at all?—A. Now, I should check on that. No. There were no expenditures up until December 1952. Since December 1952 I have not got the information with me because it was outside the period which is covered by this reference.

Q. Up to 1952?—A. Between the 1st of April 1950, and the 31st of December 1952, there were no contracts let or expenditure incurred at Rocky Point.

Q. When you say no expenditure incurred does that refer to construction of the guard house, for instance, and the expenses in connection with the safeguarding of the property or buildings and any fences around it?—A. No. This refers to the main contract for the construction of the development at Rocky Point. The magazine at Rocky Point.

Q. In fact nothing has been done in the way of construction yet?—A. There had not been anything done since the 31st of December.

The CHAIRMAN: What is the purpose for acquiring this property?

The WITNESS: To replace the existing depot at Colwood, B.C. The development by a private industry of the area adjacent to Colwood makes it impossible to store the supplies of ammunition necessary. The requirement is for an ammunition depot including magazines, laboratory, workshops, ammunition and other facilities.

Mr. PEARKE: Would you tell us the amount involved in this Rocky Point arsenal which replaces Colwood?

The WITNESS: I have not that information here.

The CHAIRMAN: Have you any idea as to what is in mind by way of development there, what the development is likely to cost at Rocky Point?

The WITNESS: There is an estimated cost for that development of \$5 million of which provision has been made in 1952-53 for \$3,750,000.

The CHAIRMAN: I understand that bids or tenders have now been asked for on this. Would you know?

The WITNESS: I cannot tell you. Defence Construction Limited would be able to advise you.

Mr. ADAMSON: Is it for naval ammunition?

The WITNESS: It was designed for a naval magazine, yes.

Mr. ADAMSON: Is it large enough to be used by any other forces for stores?

The WITNESS: The requirement has been based on estimated naval requirements for the west coast.

Mr. ADAMSON: And that is all?

The WITNESS: That is all.

Mr. FULTON: As far as I know there is no security surrounding this question except physical security of property and persons. Can you tell us the relationship between this depot and the naval ammunition depot at Kamloops upon which a large amount of money was just recently spent?

The WITNESS: The purpose of the Rocky Point depot is to have accommodation adjacent to the dockyard where ships as they come in for refitting can unload and store their ammunition and where certain ready ammunition is kept. The main magazine would possibly be at Kamloops.

Mr. HUNTER: That is a crazy place for it.

Mr. FULTON: There was recently information given in the House that the total of \$769,778.68 is being spent for the enlargement of the magazine at Kamloops, a naval magazine, and I was wondering whether any of those facilities for storage of ammunition are being duplicated at Rocky Point?

The WITNESS: The magazine requirements for the navy, and in fact for the whole three services, have been very carefully worked out and integrated into a development plan; Rocky Point and Kamloops complement each other. They do not duplicate facilities.

The CHAIRMAN: Or overlap?

The WITNESS: Or overlap.

Mr. FULTON: Do I understand that the one in the interior, Kamloops, is for storage purposes or storage purposes of large quantities in reserve, whereas Rocky Point would be for immediate ammunition use?

The WITNESS: They take out ammunition which comes in on ships for refitting and they analyze the ammunition in the laboratories there and depending upon the requirement replace it. I understand they replace it in any case, analyse it, and dispose of what comes off the ships depending on the result of their analysis.

By Mr. Pearkes:

Q. What docking facilities are there at Rocky Point?—A. Provision has been made in the development for a jetty. I cannot give you details of what the existing facilities are, but I know they are inadequate for the purpose. If you like I can obtain the details of what is there.

Q. It is not necessary because there are not any. I only wanted to find out whether the docking facilities were included in your \$5 million and if so how much is being provided for that?—A. I can give you the items included in the development but I have not available a detailed breakdown. We have estimated the total cost of the development. There is an explosive area, there is a workshop, a supply area, there is a laboratory area, an administrative area, a jetty, and also includes water, power, roads, sewers and drainage. I can obtain if you wish details of each item in the different areas.

Mr. MACDONNELL: There is one question I would like to ask. Mr. Davis made reference a while ago to hundreds of buildings being made over. Could you indicate whether there was any definite general principle followed in building new buildings or making over buildings as one has a kind of feeling buildings made over are a very expensive proposition?

The WITNESS: It may be that the expression "made over" has misled you. By making over I meant the procedure by which the Department of National Defence takes over a complete building from the agency who has constructed it for us. It is a handing over.

The CHAIRMAN: Tell us about Penhold? Tell us how we acquired that property?

The WITNESS: The location is part of Township 37, range 27 and 28 W4M and the amount of land is 887 acres. The method of acquisition was by expropriation and the cost is \$28,099.66.

The CHAIRMAN: What is there now? What have we erected at Penhold?

The WITNESS: Would you like the role of the station?

The CHAIRMAN: Yes.

The WITNESS: Penhold is a station to produce pilots trained to wings standard. Six courses of 50 trainees each are run concurrently. The administrative training and maintenance staff required for a training establishment of this size numbers 719 personnel and 90 aircraft are used. Would you like the establishment and history of the wartime use or the details of the site development?

The CHAIRMAN: We have a great deal of interest in Penhold. Mr. Thomas has been very interested in this and would like to make some inquiries. I think we better obtain the rest of the information for the benefit of the committee.

By Mr. Applewhaite:

Q. Is all the property there in use owned outright?—A. My information is that the property has been expanded, the property used at Penhold.

Q. At what cost?—A. At a cost of \$28,099.68.

By Mr. Thomas:

Q. That acreage of something over 800 acres, is that the original area they had during the war or has there been any addition during the past couple of years?—A. There is an additional 349 acres which had been expropriated and on which settlements have not yet been made.

Q. It would be in the neighbourhood of 1,200 acres?—A. No, the 538 acres have been settled at a cost of \$28,099.66 and the balance between that of the total of 887 acres has not yet been settled.

Q. The 538 acres were in use during the war and the rest have been recent additions to it?—A. The information I have is that most of the 538 acres comprised a wartime air field and the 349 is what has been acquired since then to meet the requirements of the re-activated station at Penhold.

Q. When were the 349 acres acquired?—A. The dates are not available here; the Department of Transport is carrying out this acquisition.

Q. Have you any approximation?—A. We could obtain these dates for you.

Q. If you would please.

The WITNESS: There is some further information on Penhold for the guidance of the committee.

The CHAIRMAN: Put that on the record. Give it to the reporter and he will include it so that most of the people who do not know Penhold will be fully acquainted with it.

The WITNESS: Penhold:

1. Role—The role of this station is to produce pilots trained to wings standard. Six courses of 50 trainees each are run concurrently. The administrative, training and maintenance staffs, required for a training program of this size number 719 personnel and 90 aircraft are used. The establishment of the station is then:

- (a) Officers, 160;
- (b) Airmen, 559;
- (c) Trainees, 300;
- (d) Aircraft, 86 Harvards, 4 Expeditors.

2. Penhold was built in 1941 as one of the BCATP service flying training schools and in 1945 its buildings and facilities were turned over to War Assets Corporation and the Department of Transport. During the period 1945 to 1949 War Assets Corporation disposed of all buildings except seven hangars, five small buildings, a coal compound, and a water reservoir and pumphouse. To enable Penhold to be activated as a flying training station, the existing buildings were rehabilitated and construction, as shown, was approved.

3. The estimated cost of the site development at R.C.A.F. Station, Penhold is \$11,546,856.

4. The items in this development are detailed as follows:

- Ground Instruction School Building
- VHF/DF Building
- Supply Building
- Ration Depot
- Guard House
- Fire Hall
- Two Officers Quarters (60)
- Combined NCO/OR Mess
- NCO Quarters (60)
- Two Other Rank Quarters (180)
- One Other Rank Quarters (252)
- Officers Mess "A" (Large) Class II
- Trainees Mess "B" (Large) Class II
- Headquarters Building
- Electrical Power Distribution System
- Central Heating Plant
- Three Steam Generators
- Two 150 Horsepower Oil Fired Steam Generators
- Underground Steam Distribution System
- Two-25,000 gal. Fuel Storage Tanks
- Installation of component parts for bulk fuel storage
- Water, sanitary and storm sewers and drilling No. 3 well
- Sewage disposal plant
- Construction of roads, parking areas and catch basins
- New railway siding
- Hangar truss repairs
- Exterior painting
- Roof replacement on buildings
- Hot mix asphalt plant
- Rehabilitation of runways
- Inspection services for runway
- Temporary ground instruction school
- Improvement to access roads
- Rehabilitation of relief field at Innisfail
- Standard drill and recreation hall
- Chapels Roman Catholic and Protestant
- Temporary heating
- Hospital 25-50 Stage I
- Photo building Stage I
- Station armouries
- Safety equipment and workshop building Stage I and II
- Construction of 183 permanent married quarters with allied services
- Construction of Stage I—6-room school.

5. The total value of the contracts awarded for this construction program is \$9,083,618 against which there has been an expenditure of \$5,312,557 up to December 31, 1952.

6. Land acquisition details are as follows:

Location: Penhold, Alberta, being part of Township 37, Ranges 27 and 28, W4M.

Amount of Land: Approximately 887 acres.

Method of acquisition: Expropriation.

Cost: Settlement has been completed on approximately 538 acres in the amount of \$28,099.66.

The CHAIRMAN: Now, let us hear something about Namao.

Mr. DICKEY: Don't you think we should hear that?

The CHAIRMAN: All of it. He has quite a lot there.

By Mr. Thomas:

Q. Could I ask one more question? Is the property owned by the Department of National Defence or the Department of Transport.—A. It is owned by the Crown and controlled by national defence.

Q. Has the Department of Transport anything to do with administration?—A. No they acquired the land and construct certain of the facilities for us—usually runways.

Mr. GEORGE: What about Gagetown Mr. Chairman.

The CHAIRMAN: Yes. Have you something to ask Mr. Fleming?

Mr. FLEMING: I was turning aside from Rocky Point and I would like to ask a question if I may on similar information about Oribucto in New Brunswick.

The CHAIRMAN: That is Gagetown. The matter is under negotiation and I will let the matter stand until I find out what progress has been made before we discuss it in committee so that we do not jeopardize the negotiations in any way.

By the Chairman:

Q. Are these negotiations for the acquisition of land?—A. Yes.

Q. Will you find out more about it before the next meeting so questions can be asked on it. Leave it open until the next meeting.

Mr. ADAMSON: I would like to ask some questions about two ordnance depots one in Toronto township and one in Cobourg. I do not know the name of the one in Toronto whether it is Long Branch or Dixie but how many acres were bought?

The CHAIRMAN: How many acres were bought.

Mr. ADAMSON: And what was paid for them, what was the extent of the project, how many buildings have been built, and why was this, what appears to be an extremely expensive land—

Mr. STICK: I think you had better wait until the information comes.

The CHAIRMAN: Everything is expensive in Toronto township, do not worry about that. Why was this location chosen?

Mr. ADAMSON: Yes, and I would like to ask the same questions about Cobourg, the expenditure, the number of acres, what draining was necessary to put the site in shape for the ordnance depot, and I think we might know the cost of the project—the cost of fencing it.

The CHAIRMAN: Let Gagetown stand for a moment.

Mr. HARKNESS: What about Namao—the cost of land acquisition?

The WITNESS: Property acquired at Namao Park?

The CHAIRMAN: Where is Namao Park?

The WITNESS: Namao Park is between Edmonton and the village of Namao and it comprises an area which has been open for the army and the R.C.A.F. and it is generally known as Namao Park. The army area is called "Greisbach Barracks" and is just outside the limits of the city of Edmonton about 3 miles south of the R.C.A.F. area at the Namao airport.

The CHAIRMAN: Give us the role of Namao.

The WITNESS: The army portion of this consists of 300 acres purchased in 1951 in two parcels costing a total of \$76,000 approximately \$250 per acre.

The CHAIRMAN: If there is no oil there we have been cheated.

Mr. HARKNESS: No oil rights go with that.

The CHAIRMAN: I have been waiting for somebody to ask it.

The WITNESS: On the air force portion the land consists of part of townships 54 and 55, ranges 23 and 24 west 4M. The amount of land is approximately 6,120 acres. The method of acquisition—approximately 3,465 acres by expropriation and approximately 2,655 acres by purchase. In the cost, settlement has been completed on 2,923 acres in the amount of \$205,946.

Mr. HARKNESS: How much does that make it?

The WITNESS: I have not the estimated cost per acre, but I am told it is \$70 an acre.

The CHAIRMAN: I do not understand. You say we acquired 6,000 acres and at the moment settlement has been made for approximately half of that.

The WITNESS: That is correct.

The CHAIRMAN: What about the rest?

Mr. HUNTER: Exchequer Court.

The WITNESS: I am told 2,655 acres was purchased at a cost of \$308,918.

Mr. HARKNESS: How much is that?

The CHAIRMAN: It is being worked out now.

The WITNESS: Roughly \$115 an acre.

By Mr. McIlraith:

Q. Would there be buildings on that land purchased?—A. There would be on some but not buildings which could be of use to the department.

Q. Except you would have to pay for it if you bought them.

Mr. APPLEWHAITE: Some of it was occupied property then.

Mr. FLEMING: Why the difference in the cost of the acreage bought?

Mr. APPLEWHAITE: Let us have the answer.

The CHAIRMAN: What is your question?

Mr. APPLEWHAITE: Was some of it occupied property when purchased?

Mr. HARKNESS: I am sure it would all be occupied.

The WITNESS: We understand a portion of this was purchased during the war, and it is probable that a portion of it was occupied.

Mr. APPLEWHAITE: Occupied as what?

The WITNESS: It would be mainly farm land around there.

Mr. APPLEWHAITE: Then you have to pay farm prices?

The CHAIRMAN: The question is did you have to pay farm price, and the obvious answer is yes.

Mr. APPLEWHAITE: But surely—

Mr. HARKNESS: That is not the way you buy farms; you buy farms including the buildings.

The WITNESS: The American army was involved in this station originally and it was largely acquired during the war. We have no more information than that at the moment.

Mr. THOMAS: Do you have the amount acquired during the war and acquired since for these parcels of land for the army and air force?

The WITNESS: I have not that information here.

Mr. THOMAS: I would like to have it.

Mr. FLEMING: My question was why the difference in the price per acreage bought as between the two halves?

The WITNESS: We will have to determine that.

The CHAIRMAN: The purchase price was much higher than the expropriation price.

Mr. McILRAITH: One site is three miles from the city limits and the other 11 miles away and that has some bearing on it.

The CHAIRMAN: He will try to get that for Mr. Fleming. Anything further on Namao?

Mr. THOMAS: Yes, when getting these figures of the acreage acquired during wartime and since could we get the prices of it at each period as well?

The CHAIRMAN: I gather from your answers, Mr. Davis, that about half of the property is yet in negotiation.

The WITNESS: No, that was not correct. There was approximately a little less than half was purchased and the balance was by expropriation.

The CHAIRMAN: That is all finished now.

The WITNESS: That has all been completed.

The CHAIRMAN: Anything further on Namao? Could you give us the role?

The WITNESS: Yes.

The CHAIRMAN: Give us an idea as to what the station is used for.

The WITNESS: Namao:

1. (a) During world war years, a service flying training school was established on the Edmonton City Airport and coincident with the development of the Alaskan highway and Northwest staging route, a large United States flying station was also installed on the aerodrome. Even during the war years, with the air traffic density on Edmonton airport approaching saturation, the rapidly expanding city was engulfing surrounding land, hence it was planned that military flying activities would shift to Namao as soon as possible. Namao was a USAF built aerodrome which consisted in the main of good runways, two hangars, a station supply building and living accommodation in the form of tarpaper covered shacks.

(b) Hostilities in Korea and increasing world tension necessitated RCAF expansion, and its logistic requirement increased in proportion. No. 11 Supply Depot in Calgary, the only supply depot in the prairies, was filled to capacity and could not be expanded because of its urban location. No. 10 Repair Depot and No. 2 Construction and Maintenance Unit are located at Currie Field, Calgary, and have reached optimum size. As Edmonton is the gateway and focal point to these areas it was decided to form an Air Material base at Namao.

(c) So great was the expansion of the RCAF that available resources had to be apportioned on a priority basis. In general, the main emphasis had to be given to development of our fighter defences and to build-up

of our training elements. For this reason, only immediately essential construction at Namao as shown could be undertaken and the ultimate role of Namao was temporarily restricted. In its ultimate role Namao will provide facilities for all-embracing logistic support of all RCAF elements in western and northwestern Canada (Air Materiel base), for air transport flying operations. In its interim role, it will provide accommodation and facilities for air transport operations now being conducted at Edmonton airport, for the Supply Depot and Explosives Depot portions of the Air Materiel base.

The CHAIRMAN: Tell us how many personnel you have established at Namao?

The WITNESS: 212 officers, 1,078 airmen, 116 airwomen and 16 aircraft

The CHAIRMAN: What is the cost of the buildings they have?

The WITNESS: The list of items are:

Supply depot

2—25,000 lb. steam generators

3—25,000 lb. steam generators

Central heating plant (25 AMB)

32 Explosive storage buildings, 4 man-explosive Storage buildings and access road

Supply 4 explosive storage buildings

VHF/DF building

Transmitter site

Receiver site

Combined mess (small) scheme "B"

Officers quarters Stage II

NCO's quarters Stage I

Airmen's barrack blocks 180 man

Cantilever hangar

Gun testing stop butt type II

The CHAIRMAN: He has a page more. What did it all cost?

The WITNESS: The estimated cost of the site development at Namao station is \$23,581,112.00.

The CHAIRMAN: Will you give the reporter the balance of this so that it can all appear on the record?

The WITNESS:

Supply and installation of booster, pumphouse and water line

Purchase of transite pipe

Combined water storage and pumphouse

Improvements to water and sewer services

Construction of a trunk sewer line

Purchase of pipe and fittings for trunk sewer

Installation of water and sewer services

Construction of sewage pumphouse, and water storage reservoir

Gas distribution main to central heating plant

Central heating plant (station)

Electrical distribution system

Purchase of 4—210,000 gal. bulk fuel storage tanks

Materials for underground steam distribution system

Rehabilitation of interior of two hangars and one warehouse

Exterior covering of warehouse and hangar

Repairs to runways and taxi strips

Conversion of heating equipment

Underground steam distribution system

Hangar aprons and drainage hangar No. 5

Erection of 4 explosive storage buildings
Temporary heating
Guard house
Chapels, Roman Catholic and Protestant
Grading roads
Hospital Stage I
Bulk fuel storage component parts
Construction of 450 PMQs with sewer and power and water services
Construction of a Stage IV—18-room school with allied services

5. The total value of the contracts awarded for this construction program is \$18,541,354 against which there has been an expenditure of \$8,847,925.

6. Land acquisition details are as follows:

Location: Namao, Alberta, being part of Townships 54 and 55, Ranges 23 and 24 W4M.

Amount of Land: Approximately 6,120 acres.

Method of Acquisition: Approximately 3,465 acres by expropriation. Approximately 2,655 acres by purchase at a cost of \$308,918.

Cost: Settlement has been completed on 2,923 acres in the amount of \$205,946. The 2,655 acres purchased were obtained at a cost of \$308,918.

The CHAIRMAN: Anything else about Namao we should know in a general way that would be useful in later examination.

The WITNESS: Perhaps the committee would be interested in something about the design of this supply depot or Cantilever hangar. These are the two outstanding items in development.

Mr. DICKEY: I think it is important Mr. Chairman.

The CHAIRMAN: Is it? What is important about it?

Mr. McILRAITH: The type of construction selected.

Mr. DICKEY: Yes, the type of construction selected is important.

The CHAIRMAN: Tell us about that. Is it expensive?

The WITNESS: I am afraid it is.

The CHAIRMAN: Is it new?

The WITNESS: Yes. In the supply depot in assessing the need for storage accommodation for R.C.A.F. supplies and to determine the design for construction of buildings, the R.C.A.F. undertook a thorough study of its requirements for peace and its requirements against the early stages of mobilization. From this study the design criteria for any new supply depot accommodation was established.

Now there is a page on design criteria which perhaps the committee is not interested in.

The CHAIRMAN: No.

The WITNESS: And from that they came to the conclusion as to the size of the depots.

Approximately 30 per cent of the total warehouse space estimated as required for the R.C.A.F. will be needed for the accommodation of non-technical material. This class of material is used by all units and therefore it is desirable to disperse this class of material in various storage sites across Canada. To this end it is proposed that the 4 supply depots—

Mr. APPLEWHAITE: Mr. Chairman, I want to ask before we go on if that page of design criteria can be included in the record?

The WITNESS: We can certainly table that in the record.

Mr. FLEMING: At this point as read.

The CHAIRMAN: Yes.

The WITNESS: The factors considered in this study were as follows:—

- (a) The provision of a storage accommodation which would enable the most efficient storage of supplies and the most efficient handling. It is imperative that these stores be accommodated so that they can be distributed quickly and accurately.
- (b) The availability of civilian labour.
- (c) Access to an aerodrome to permit air movement of supplies when necessary with the minimum of delay in transit.
- (d) The integration of the supply depot with R.C.A.F. repair facilities to enable rehabilitation of used material as quickly as possible. This serves to reduce the amount of material that is needed to maintain operations.
- (e) Minimizing the need for specially trained technical personnel—the availability of R.C.A.F. technical tradesmen is a limiting factor in the total number of technical supply depots to be operated. A small supply depot with only one building requires a complete “range” of technical personnel, totalling about 50, whereas the number at a large technical supply depot is not proportionately greater.
- (f) Adequate railway service—as the bulk of material for distribution to operating units within Canada is still despatched by rail, it is essential that supply depots be located at the hub of an adequate rail service.
- (g) Vulnerability—to achieve the maximum economy and efficiency in supply depot operations, a single large depot storage building offers greater advantages than a number of smaller buildings. Against this, of course, is the danger of loss of stores through fire. However, adequate fire protection measures reduce the fire hazard so that from this point of consideration the large building is the best choice.

Size of Depots

(a) Non-Technical Supply Depots

Approximately 30 per cent of the total warehouse space estimated as required for the R.C.A.F. will be needed for the accommodation of non-technical material. This class of material is used by all units and therefore it is desirable to disperse this class of material in various storage sites across Canada. To this end it is proposed that the four supply depots presently in operation will be utilized for the storage and distribution of non-technical materials. The space available in these four sites will meet R.C.A.F. requirements under existing plan.

(b) Technical Supply Depots

Approximately 70 per cent of the R.C.A.F. storage accommodation is needed for the storage and distribution of technical equipment. Existing depots have many limitations affecting the efficient and economic distribution of technical material, and the conclusions from the study referred to above were that the provision of additional warehouse accommodation, required because of the expanding R.C.A.F., should be designed to adequately accommodate technical stores, thus freeing existing depots for the handling of non-technical stores.

The requirement for technical stores accommodation was established by a survey of existing holdings of technical stocks and a careful estimation of deliveries of new stocks required as a result of the increased R.C.A.F. program.

To meet the minimum requirements it was decided that two technical supply buildings should be constructed, one in Namao-Edmonton. The locations of these depots were selected in the light of the criteria set forth above. The size of the building and the facilities for materials handling which are installed was determined on the basis of a careful examination of the design which would provide maximum efficiency and economy. This examination included studies of comparative civilian operations, both in Canada and the United States.

Saving in Personnel

It is anticipated that under the plan for a large technical supply depot the gain in efficiency of operation will permit a considerable reduction in the requirements of personnel when compared with a similar type operation as experienced during the last war. A typical example of this would be No. 1 Supply Depot which during World War II was located in Toronto and provided storage accommodation in the neighbourhood of 375,000 square feet. To operate this depot, approximately 1,300 personnel were involved. For the new supply depot presently being constructed at Namao, there will be provided approximately 800,000 square feet and this depot will be operated with approximately 900 personnel. Not only will the operation be more efficient and the distribution of supplies carried out with greater despatch, but the volume handled will be considerably greater than that handled by No. 1 Supply Depot during the war within the neighbourhood of 400 less personnel.

Construction

From the criteria mentioned above it was decided that each building should be of reinforced concrete design. This gave maximum fire protection and allowed wide column spacing for an easy and flexible operation. Space requirements were set at approximately 800,000 square feet storage area for each building. Mechanical aids such as a dragline will be installed for easy handling of stores.

A separate section has been set aside for perishable goods such as rubber, etc.

Mechanical stacking equipment will be used.

A marking system has been designed for easy reference of areas.

A labour saving packaging and inspection section has been designed.

Equipment cleaning facilities have been incorporated in the flow paths for used equipment.

Mr. FLEMING: With respect to each of the properties, could we have one item of information which has not been given? It goes back to what Mr. Campbell told us as to the procedure of consulting and advising with respect to sites. Then, I ask with respect to each of the camp sites we have been talking about if we could have a statement for the next meeting as to whose advice led to the selection of the particular site, whether it was within the department or outside, and if someone outside the department, which of the advisers it was. I was given a list among these returns of about 15 persons who had been retained by the department at various times within the last three years to advise upon such selections.

The CHAIRMAN: I am told that none of these people advise on the selection of sites. They merely assist in the acquisition appraisals. In any event this question will be answered.

Mr. FLEMING: And may we be told in each case the reason that led to the selection?

The committee adjourned.

APPENDIX No. 26

Tabled March 17, 1953

Question by Mr. Adamson

Policy with regard to construction and provision of installations for Canadian Forces serving in Europe.

Answer

1. Arrangements for financing capital facilities for Canadian Forces in Europe differ and in a number of cases all or part of the cost is paid from other than Canadian funds.

2. Installations required for the support of Canadian Forces stationed in Europe may be provided for from three sources:

- (a) from the NATO Common Infrastructure Programme
- (b) from German Occupation costs
- (c) from funds appropriated by the Canadian Parliament.

3. Canada participates in and contributes to the costs of a commonly financed program of military construction known as the NATO Common Infrastructure Program. Facilities constructed as a part of this program are those required, up to an agreed minimum standard, for the support of NATO forces which are either used in common by the Forces of several NATO nations, or which may be assigned for the use of any NATO nation by NATO commanders. The facilities which have so far been approved for inclusion in these programs are tactical airfields, signals communications facilities, NATO war headquarters and facilities for the supply of jet fuel to NATO tactical airfields.

4. The following is a summary of the financial arrangement for each of the Canadian military installations in Europe.

*Accommodation in Germany**27th Canadian Infantry Brigade Group*

The construction of accommodation is being entirely financed from Occupation costs at no cost to Canada.

3 Fighter Wing

1 Airfield at Zweibrücken—the construction of accommodation is being entirely financed from Occupation costs at no cost to Canada.

4 Fighter Wing

1 Airfield at Baden—the construction of accommodation is being entirely financed from Occupation costs at no cost to Canada.

*Accommodation in France**2 Fighter Wing*

1 Airfield at Grostenquin—up to NATO minimum operating standards financed from common infrastructure program. Personnel accommodation and other facilities over minimum standards financed by Canada at estimated cost \$6,000,000.

1 Fighter Wing

1 Airfield at Marville—financed in the same manner as Grostenquin and at the same estimated cost. Work on this airfield has just begun.

*Accommodation in the United Kingdom**1 Fighter Wing*

1 Airfield at North Luffenham made available by RAF at no cost to Canada.

Air Materiel Base—Langar—cost of Rehabilitation plus new construction paid by Canada. Total \$3,000,000.

Current Maintenance of Canadian Accommodation in Europe

The costs of current maintenance in all countries are assumed by Canada.

Costs of Land

Land for Canadian Accommodation in Europe is supplied free of cost by the host nation.

Administrative Arrangements for Carrying Out Construction

The policy of Canadian construction overseas is basically the same as for Canada. The Department of National Defence establishes requirements and design (except for infrastructure where the standards are laid down for NATO). The Department of Defence Production (Defence Construction Limited) is in some cases responsible for the execution of the work employing the appropriate national agencies. In other cases the Department of National Defence employs appropriate national agencies direct, as for example in the United Kingdom work has been done by the Air Ministry.

March 17, 1953.

APPENDIX No. 27*Question by Mr. Herridge*

What is the authorized establishment for the RCAF Station, Comox, B.C.?

Answer

1,371 Service Personnel.

NOTE: In addition, to the base population reflected by the above establishment completion of the current married quarters construction programme (200 units) will result in approximately 510 dependents being accommodated on the base. The number of dependents will increase to approximately 1,400 as approval is obtained and construction completed on the balance of the PMQ entitlement (a further 349 married quarters).

March 17, 1953.

APPENDIX No. 28

Question by Mr. Fleming

Statement of amounts paid by the Department of National Defence to civilian Real Estate agents employed by the department during the period 1st April, 1950 to 31st January, 1953.

Answer

Real Estate Agent or Firm	Location	Amount Paid
Geo. L. Bishop	Greenwich, N.S.	\$ 45.00
W. H. Bosley & Co.	Toronto	44,755.75
DeWolf & Kelly Ltd.	Halifax	3,220.00
Harbour Realities Ltd.	Halifax	4,500.00
Kerr & Stephenson Ltd.	Victoria	21,757.10
Macaulay, Nicholls, Maitland & Co. Ltd.	Vancouver	13,324.40
H. S. MacGlashen	Halifax	590.00
National Trust Co. Ltd.	Toronto	5,542.76
Oldfield, Kirby & Gardner	Winnipeg	1,900.00
Georges Paquet	Quebec	29,183.34
E. S. Sherwood	Ottawa	1,586.84
Toole, Peet & Co.	Calgary	944.78
Westmount Realities Co. Ltd.	Montreal	3,066.40
Total		\$130,416.37

March 17, 1953.

APPENDIX No. 29

Questions by General Pearkes

(I) What are the names of the stations where Class I or Class II permanent construction has been built or is included in the approved program?

(II) What number of personnel will these permanent buildings accommodate at peacetime scales?

Show also for each station, in brackets, total existing personnel accommodation at peacetime scales.

Answer to I above

Service	Station	Permanent	Total
		Peacetime Accommodation of New Construction	Accommodation of Station at Peacetime Capacity
Navy	Halifax	1,110	1,900
	Dartmouth	796	900
	Esquimalt	865	1,100
	Royal Roads	110	200
RCAF Class I	Moncton	90	214
	St. Hubert	540	1,310
	Trenton	60	1,336
	Downsview	372	372
	Camp Borden	1,488	2,431
	Winnipeg	954	1,796
	Namao	270	270
Class II	Bagotville	582	582
	Chatham	180	467
	Centralia	342	1,186
	Clinton	780	1,563
	Comox	120	1,056
	Cold Lake	1,044	1,044
	Moose Jaw	930	930
	North Bay	510	510
	Penhold	792	792
	Portage La Prairie	30	845
	Saskatoon	312	637

Answer to question II

Service	Station	Permanent	Total
		Peacetime Accommodation of New Construction	Accommodation of Station at Peacetime Capacity
Army	Aldershot		1,060
	Gagetown	2,940	2,940
	Halifax	180	1,020
	Longue Pointe		775
	Quebec City	100	300
	St. Johns	125	225
	Valcartier		2,900
	Barriefield	750	4,250
	Borden	1,500	5,250
	Ipperwash		1,000
	London	860	1,490
	Petawawa	790	4,410
	Picton	430	1,230
	Dundurn		1,500
	Fort Churchill		1,199
	Regina	796	1,061
	Shilo	860	3,760
	Winnipeg	756	1,356
	Calgary	1,098	2,496
	Chilliwack	430	980
	Edmonton	604	944
	Gordon Head		750
	Victoria	180	625
	Wainwright		2,600
	Fort Nelson	65	65
	Whitehorse	166	800

NOTE: The above two answers exclude classified installations which cannot be named for reasons of security.

March 17, 1953.

Canada. Defence Expenditure
Special Committee on, 1952/53
(HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

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SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

THURSDAY, MARCH 19, 1953

WITNESS:

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

MINUTES OF PROCEEDINGS

THURSDAY, March 19, 1953.

(17)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, McIlraith, Pearkes, Stick, Thomas and Wright. (23)

In attendance: Messrs. H. A. Davis and W. R. Wright, Department of National Defence.

The Chairman quoted from a letter from the Minister of National Defence addressed to himself following a previous invitation forwarded February 12, to visit certain defence establishments such as Camp Borden, Penhold and Centralia (R.C.A.F.).

Mr. Dickey suggested that this matter be again considered by the sub-committee on agenda.

The Chairman tabled answers to questions by Messrs. Harkness, Fleming and Pearkes, copies of which were distributed forthwith. These answers relate to:

1. Existing living accommodation for civil personnel, etc., at Wainwright;
2. Departmental policy concerning educational facilities for dependents of service personsel (together with list of permanent schools—occupied and approved but not constructed being appendices A and B of this answer);
3. Request to Civil Service Commission for Nos. 3 and 6 Works Companies (A.W.S.).

The Chairman also tabled the following:

1. Copy of an answer to Mr. Brooks, M.P., with reference to Gagetown training area, tabled in the House on January 28.
2. A press release of a statement of the Minister of National Defence also on Gagetown, dated August 1, 1952.

Ordered,—That the above tabled documents be printed. (*See appendices Nos. 30 to 34 inclusive to this day's evidence*).

Mr. Davis was called. He gave additional brief answers on Gagetown and Cold Lake and was questioned thereon as well as on answers tabled above by the Chairman.

His examination on acquisition and leases, etc., at Churchill and Cold Lake, was resumed.

It was tentatively agreed to begin on Tuesday, March 24, hearing officials of Defence Construction (1951) Limited.

At 12.55 o'clock p.m., the Committee adjourned to meet again on Tuesday, March 24, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

NOTE: Appendix No. 29 on permanent construction tabled March 17, and printed in No. 14, pages 405 and 406, refers to single personnel only.

EVIDENCE

MARCH 19, 1953.

11 a.m.

The CHAIRMAN: Gentlemen, I have a matter which I wish to bring to your attention. On February 12 I indicated that the Minister of National Defence had extended a general invitation to visit defence establishments. I spoke to him a few days ago and he now writes me, and I quote:

If your committee could make the trip, I would—

I was talking to him about the possibility of visiting Camp Borden or other similar establishments.

—suggest flying directly from Rockcliffe to Borden. You could leave the Centre Block at 9.00, be airborne at 9.30; arrive at Borden at 10.15, inspect army establishments, have lunch, inspect air force establishments and the townsite. Leave at say 5.00 and arrive back at the Centre Block about 6.30.

Another establishment which the committee would find most interesting would be one of the larger radar stations. Here it would be necessary to go by motor car. It would be possible to complete a visit to a station in a single day but it would involve quite a lot of travelling.

If you would let me know if your committee can make either of these trips, or any of the others suggested in my letter or, for that matter, any other visit, I would be only too glad to set up all the necessary arrangements.

You mentioned Penhold. We would, of course, be glad to arrange for this. It would be necessary to fly out and back and in view of the heavy demand on air transport to the Far East and Europe today, it would be desirable for us to have as much notice as possible. The trip could not be completed in a day. If you were visiting Penhold, it would be desirable, I think, to see another air training station which is in full operation, such as, for example, Centralia.

I just bring this to your attention. You can give it some thought and we can discuss it at a later time.

Mr. DICKEY: Perhaps the agenda committee might want to meet later to consider this invitation.

The CHAIRMAN: I just gave the information to the committee and I shall have a talk with some of the members to ascertain their views.

I have an answer to a question asked by Mr. Pearkes of Mr. Armstrong. (See Appendix No. 30.)

Then there was a question asked by General Pearkes dealing with permanent accommodation and new construction. I have copies of the answer which was tabled at the last meeting and which is printed in No. 14.

Then I have an answer to a question asked by Mr. Harkness concerning existing living accommodations for single personnel at peace time scales (a) occupied by the active force, and (b) occupied for training purposes (including both active and reserve force), example, Wainwright.

(See Appendix No. 31.)

Then there is an answer to a question asked by Mr. Fleming concerning educational facilities provided by the Department of National Defence for the dependents of service personnel. There are copies of all answers available for members, and they will be passed out to you.

(See Appendix No. 32.)

Mr. Wright points out that some other questions were asked about educational facilities. I might say that this return is calculated to answer them all, and after you read it, you will be able to find out whether or not your question has been answered.

Mr. FLEMING: Does that include the actual school registration in each case?

The CHAIRMAN: It is four or five pages in length.

Mr. FLEMING: Are there copies?

The CHAIRMAN: Yes. Copies are being passed around now.

Some members asked about Gagetown. Mr. Davis who is our witness this morning has a statement to make on Gagetown.

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements, Office of the Assistant Deputy Minister, (Requirements), Department of National Defence, called:

The WITNESS: The army training area in New Brunswick is known as Gagetown. As the members of the committee are aware, the Department of National Defence has expropriated approximately 435 square miles of land in the Province of New Brunswick for use as a training area.

The basis of this requirement, the reason for the selection of this particular area and the method of its selection have already been made public.

Following the expropriation of the land, the Minister of Justice appointed a number of barrister to investigate the state of the titles held by the former owners, as the first step in effecting a settlement arising from the expropriation.

Accordingly, appraisals were instituted of the land, buildings, timber, and other aspects with a view to establishing fair and reasonable values on which settlements could be made.

In order to expedite this matter as much as possible, the department opened an office in the old Customs House at Fredericton to deal with local appraisal procedure related to the expropriation settlement. The work of verifying titles and arriving at fair and reasonable values proved to be complicated, and it was not until December 1952 that the department was in a position to start paying settlements to the former individual owners.

The rate of settlement payments is increasing but at the present time only 140 settlements have been completed out of a possible total of 500.

Negotiations with the Province of New Brunswick concerning provincial land rights and public utilities, are still in progress, as are negotiations with owners and operators of timber limits in the area. It would be unusual to give details with respect to any of these negotiations while they are still under way.

I think I should add that the camp is still in the planning stage and that no construction has yet taken place. The survey is nearing completion and there are alternative site plans which are under study. No decision as yet has been taken on the final location of the camp.

The CHAIRMAN: You do not mean "of Headquarters".

The WITNESS: I mean the administrative area and the buildings at Gagetown.

The CHAIRMAN: Yes.

Mr. GEORGE: May I ask a question in connection with that, Mr. Chairman?
The CHAIRMAN: Yes.

By Mr. George:

Q. What is the department going to do with regard to the mineral rights on these camp sites, if there are any minerals found?—A. Those are under study at the moment by the law officers. I do not know whether they are yet under negotiation.

The CHAIRMAN: Gentlemen, may I just add one word. On August 1, the Department of National Defence, through the minister, issued a statement for release. It is a three page statement on this camp site. And on January 28, 1953, Mr. Brooks asked questions as follows:

1. What sites were inspected in connection with the proposed brigade training area for Canadian troops?

2. What are the names of the persons who made the inspections?

3. Has a report been made in each case to the Department of National Defence?

4. If so, will the report be made public?

The answer was made and the date is 28-1-53. It is in *Hansard*, No. 33, at page 1935.

Mr. FLEMING: If it is not too long, perhaps we should have it put into our proceedings along with this statement.

(See appendix No. 33)

The CHAIRMAN: The answer to Mr. Brooks? Yes, it is quite long, but we would be cluttering up the record by putting this press release on the record. It is a three page press release. I would be glad to turn it over to any member who would like to read it.

By Mr. Pearkes:

Q. I would like to ask a few questions on Gagetown. I presume the buildings that will be constructed there will accommodate 2,940 personnel, as it is shown in the return you have just had passed around.—A. That is correct, sir, that is for single accommodation.

Q. That does not include married accommodation?—A. There are no married quarters approved yet for Gagetown.

Q. I notice in that return that at Aldershot and Valcartier there are no new permanent peace time buildings planned. Am I correct in assuming that any additional accommodation which might be considered for Aldershot and Valcartier would be in addition to the buildings which have been put up at Gagetown?—A. Any permanent accommodation which has been included for the present approved program is included in this return which we have given you.

Q. And there is none at Aldershot and Valcartier, which are in the general area of the maritimes or of eastern Canada. Is that a fair assumption?—A. There is none in the present program.

Q. You say there is none in the present program; but is that 2940 at Gagetown?—A. At Gagetown, that is correct, sir.

Mr. FLEMING: May I follow up with some questions. I express the opinion that the release you hold in your hand might well form part of our record. There is a great deal of information in it about locations and it might save us coming back on some points at least later on.

The CHAIRMAN: There is no objection.

(See appendix No. 34.)

By Mr. Fleming:

Q. You made a statement that no construction has yet taken place at this site.—A. That is correct.

Q. What about the preparation of the site for construction?—A. To the best of my knowledge the survey of the site is still continuing. I do not know of any contracts which have been let on that work yet beyond the preliminary survey work.

Q. May I ask how recent your information is?—A. I understand it is as of today, that is the position at the moment.

Q. You are quite clear there has been no site preparation and no foundation work done for any building, and any clearing?—A. The only work at the site may have been some soil testing to find out the suitability of the sub-soil in different areas. That would be part of the work of the consultants who were making the survey.

Q. You say there has been no final decision with respect to the location of the buildings.—A. Yes, none on location of the buildings in the area.

Q. With reference to the administration buildings, may I ask you how far the study has advanced? I am not dealing with the subject of negotiations with the land owners. I am speaking now of something internal within the department. How far have your studies advanced towards the point of reaching a decision as to the location of the administrative buildings?—A. The matter is under consideration at the moment and we expect that an announcement will be made in the near future.

Q. "In the near future". Do you mean in a couple of days, in a week, or a month, or two months?—A. We would hope it would be less than two months. I cannot give it to you within a day.

Q. Probably a few months, "before the snow flies".—A. We hope sooner than that.

Q. Can you indicate to the committee what the alternative locations are which are under consideration? How many of them are there?—A. I could not give you the details of the alternative locations. They have not advanced to the stage where they have been submitted to us for consideration. They are still under consideration by the service.

Q. When you say that they have not been submitted to you, what do you mean?—A. I mean to the deputy minister's office for consideration. The preliminary report from the consultants is still in the process of preparation.

Q. At what level?—A. In the services.

Q. You say "in the services"; and then, when they reach their conclusion, I presume they will make a recommendation to the deputy minister and ask for approval of one particular site?—A. They would normally advise us of their decision on a site.

Q. Is that the final decision so far as the department is concerned, or only a recommendation to the deputy minister?—A. In this case, where there have been representations as to the suitability of alternative sites, it would be probably a ministerial decision as to the final site location.

Q. Will your particular branch be consulted before that decision is made?—A. It would be normal for the reports from the services to pass through the branch in which I am, at the deputy minister's office, on the way to the deputy minister.

Q. But your branch in the meantime has not yet conducted any study of the merits, or of the respective merits, of the alternative sites?—A. That is correct; it has not yet arrived at our office.

Q. So you are not in a position to tell us anything about the respective merits at all?—A. Not at the moment, no.

Q. I wonder if we are going to have a witness on that before this moment of decision has taken place?

The CHAIRMAN: I would gather from this witness it is not ready yet for consideration, even below the level of the minister.

Mr. APPLEWHAITE: I do not mean this in any critical way, but what would be the point to that: that this committee would express an opinion as to which site should be chosen?

Mr. HUNTER: No. He wants it to be in Eglington.

Mr. DICKEY: What is the purpose?

The CHAIRMAN: I presume the purpose is to obtain information, I think Mr. Fleming is entitled to the information.

By Mr. Fleming:

Q. It is evident that there is a problem here as to the location of the buildings, and that is, in relation to the development of the project, a very important question. The witness has indicated that a decision is going to be taken. I think that this committee, having interested itself in this particular project, should have some further acquaintance with it when it has reached the point where these reports are available. I agree with you on that, before they make a decision. That is what I am interested in, so that we, as a defence expenditures committee, can give consideration to a project that is likely to involve heavy expenditure, and at least know something about the respective merits of the alternative sites, in the light of the reports that are being prepared at the present time. The witness mentioned representations with regard to this. To what representations is he referring?—A. Personally I have seen no representations, but I understand there has been a discussion of alternative sites, and that they are now under consideration by the services.

Q. I wonder where the representations came from, to which you refer?

Mr. DICKEY: I think there was a good deal of publicity in the press about the representations.

The CHAIRMAN: I think every member in the House of Commons received a certain amount of information on this matter, and if they took the trouble to read it, they would know something about it.

By Mr. Fleming:

Q. I wonder if the witness is referring to the same thing, or if there is something else. He used the word "representations". Perhaps he could tell us to what representations he referred?—A. I have not got in mind any specific representations, but I do know there are alternative sites which are under consideration, and that there have been representations made as to the suitability of certain sites. I would not care to make a statement on that without obtaining the details.

Q. You are referring to representations made from sources outside of the department?—A. That is correct.

Mr. GEORGE: Maybe it was the St. John Board of Trade.

Mr. FLEMING: The St. John Board of Trade?

Mr. GEORGE: I think there were representations made by the St. John Board of Trade.

The CHAIRMAN: The issue is quite clear. St. John would like to have the administrative headquarters near St. John. On the other hand, Fredericton would like to have it near Fredericton.

Mr. APPLEWHAITE: Whereas the only logical place is Prince Rupert.

Mr. HUNTER: We want to keep it in Canada.

The CHAIRMAN: The returns this morning are lengthy but if you would like to raise some question on the return about schools, we have a witness here.

Mr. APPLEWHAITE: May I ask a question on Gagetown before we leave it?

The CHAIRMAN: Yes.

Mr. STICK: I asked a question, but I understand the answer to it is not yet ready?

The CHAIRMAN: That is right.

By Mr. Applewhaite:

Q. Perhaps the witness could tell us in connection with Gagetown what is the total area involved?—A. The total area is approximately 435 square miles.

Q. Is it the intention that that area shall be acquired outright, or will some of it be held under lease or other form of tenure?—A. This amount has been expropriated outright.

Mr. CAVERS: Do I understand that the exact location of this camp has not been determined?

The CHAIRMAN: The location of the camp has been determined but the location of the headquarters buildings have not yet been fixed.

By Mr. Cavers:

Q. Can we be told where it is in the grounds?—A. The general area of this training area is 435 square miles and it is roughly between Fredericton and St. John. One end of the area, the northern end, is adjacent to Fredericton; and in the south it is not far from St. John. It is in the water-shed of one of the rivers down there. I am not personally familiar with the exact description of the boundaries.

Mr. GEORGE: It is situated in the constituency of Royal.

Mr. HUNTER: We might as well be complaining about the size of Luxembourg.

The CHAIRMAN: According to the press release:

This area is situated in the two counties of Queens and Sudbury and lies west of the river road (Highway No. 2). The approximate boundary on the west from a point north of Welsford will be the Canadian Pacific Railway, the highway from Blissville to Geary and from Geary to Oromocto.

Mr. APPLEWHAITE: I think it would be helpful if we could be told roughly the length, the width, and the shape of this area.

The CHAIRMAN: What is the shape of it, Mr. George? Could you give us something about the size? You must know it yourself, it would help us?

Mr. GEORGE: I have read a lot about it in the press.

The CHAIRMAN: Very well.

Mr. APPLEWHAITE: Surely the witness could tell us.

Mr. DICKEY: It is roughly rectangular.

The WITNESS: Roughly the area is about 30 north and south, by about 20 east and west.

Mr. FULTON: Miles?

The WITNESS: Miles, yes. That is not in the form of a rectangle.

The CHAIRMAN: Very well, gentlemen.

By Mr. Pearkes:

Q. Could the witness tell us how much of that 435 square miles of land is cultivated, and how much of it is not under cultivation?—A. There is not a great deal of it cultivated, but I could obtain the exact figure, if you would care to have it.

Q. I just want it approximately.

The CHAIRMAN: Perhaps you could give it to us at the next meeting.

The WITNESS: We could obtain the approximate figure for you at the next sitting.

Mr. THOMAS: Could we get the amount of this area which was obtained from private individuals and the amount that was obtained from the provincial government?

The WITNESS: That has not yet been determined.

By Mr. Harkness:

Q. Have you any estimate of the number of people who will have to be moved out of that area?—A. Our information is that it will be in the neighborhood of 450 families.

Q. And that would probably mean about 1,600 to 2,000 people?

Mr. HARKNESS: Have you any information as to why this site was selected instead of an alternative one at Utopia?

Mr. HUNTER: I would like to speak about that because I was in Utopia during the war.

The CHAIRMAN: May I suggest that you read the press release. These matters are discussed in the press release. After you have read it you will find that some of your questions are answered.

Mr. PEARKES: Would it not save time, Mr. Chairman, if you read the press release, because we have not got it.

The CHAIRMAN: I was decided to put it in the record. There is no urgency about Gagetown in any event. There is nothing moving there. We were dealing with Namao when we adjourned.

By Mr. Pearkes:

Q. I asked for information regarding the area of the Colwood magazine. Is that available yet?—A. That is not yet available, but it is being obtained.

Q. I asked one question in connection with that and you stated that the Colwood magazine was going to be replaced by the Rocky Point magazine. Can you tell me what is going to happen to the Colwood magazine? Is that land going to be disposed of, or used for further buildings?—A. To the best of my knowledge, no decision has yet been taken on the disposal of the Colwood property.

Q. There is no possibility, is there, of moving the magazine?—A. No. Physically, it is not a practical proposition to move the structures.

Q. The magazines would be made of concrete or other substantial material?—A. That is right.

Q. And some of them are in the ground?—A. Some of them are partially covered and with blast walls, so it would not be an economical proposition to try to dismantle them and re-erect them on a fresh site.

Q. Would you know when Colwood was constructed?—A. Off hand I cannot give you the date, but it could be obtained, if it is required.

By Mr. Fleming:

Q. One more question on Gagetown. You spoke about the studies that are being made. Have any engineers or others outside the department been retained to make studies and reports, or are they all being made by personnel of the department?—A. The actual work at the site, the survey, is being conducted by consultants who are outside firms engaged for that purpose by Defence Construction Limited.

Q. Do you know who they are?—A. I have a complete list of the consultants.

Q. Could we have that?—A. G. Lorne Wiggs, professional engineer, Montreal; John G. Frost, professional engineer, Montreal; Donald O. Turnbull, professional engineer, Saint John, New Brunswick; Jacques Price, professional engineer, Windsor, N. S.; Harold J. Doran, B. arch., Montreal; H. Ross Wiggs, B. arch., Montreal.

Q. That is a complete list of the people outside the department who are now engaged in a study and making reports?—A. That is right.

By Mr. Dickey:

Q. Those individuals may have a staff?—A. Yes. They are the engineers and architects in the various firms who are engaged on that work.

By Mr. Fleming:

Q. What is it they are studying and reporting on or that they are engaged in on this question of the selection of a site?—A. The exact number employed on different phases, I cannot give you that offhand. The consultants are engaged in preparing a survey of the alternative sites which may be selected and in writing up from the engineering point of view the advantages and disadvantages and other factors which would be useful in making a final assessment and selection of the site.

Q. But are any of them doing any more than that? Are any of them going further and preparing plans or specifications?—A. That would not be possible until we have the site selected because on the site selection the soil conditions and drainage would depend on further engineering work.

Q. May I take it that the work on which these consultants are engaged broadly speaking is the selection of the site?

Q. May I take it that the work on which these consultants are engaged broadly speaking is the selection of the site?—A. Yes. A preliminary survey and investigation of the site that would enable us to proceed later with the detailed design.

The CHAIRMAN: General Pearkes, you asked how large the timbered area was; how much was occupied, how much tillable. 80 per cent of it is timber area.

Mr. PEARKES: That is Gagetown?

The CHAIRMAN: Yes.

Mr. GEORGE: That word "timber" might leave the wrong impression. How much of it is bush or scrub land and how much of it is actually timber?

The CHAIRMAN: Wooded area perhaps is better.

Mr. ADAMSON: I wonder if the witness would know whether the mineral rights are vested in the Crown?

The CHAIRMAN: Everybody is asking that question. When I use the word timber it is pasture, marsh and scrub.

Mr. DICKEY: It must mean unimproved land.

The CHAIRMAN: We have the return on Mr. Fleming's request dealing with educational facilities.

Mr. FLEMING: The figures are not totalled here. Has the witness totals of these two columns? First, the actual student registration and second the capacity?

The WITNESS: We will do it. The totals are not ready.

Mr. PEARKES: Under the heading of navy, is there a school at Belmont Park? Is it near Royal Roads?

The WITNESS: That is the school I believe which is referred to. I have been there and it is in the married quarters area. That is the one you are referring to at Belmont Park.

Mr. PEARKES: That is the only one?

The WITNESS: That is right.

By Mr. Stick:

Q. At Goose Bay, Labrador, you have a ten-roomed school and say it is also used as a high school. Does that mean it is also used by children not connected with the base?—A. I do not believe there is anyone there not connected with the base.

Q. There are a few miles away?—A. Your question is, whether anyone who is not connected with the base uses the school facilities?

Q. Yes. Are there any other children going to that school who are not connected with the base?—A. The answer, I am informed, is no.

Q. What do you mean by also used as a high school?—A. Normally we do not provide high school accommodation in the Department of National Defence schools, but at Goose Bay there are no other school facilities available and we have had to include in that one school provision for instructing children of dependents in high school grades.

By Mr. Henderson:

Q. Is there any contribution made by the provincial authorities in the area in which the schools are located?—A. Yes. It might be helpful if I read the general statement which outlines the situation:

(See appendix No. 32 to this day's evidence)

Q. One other question I would like to ask you. When the secondary school problem comes up between the Department of National Defence and the municipality, what contribution is made to the local school boards when your secondary school students go to the municipal schools, that is the secondary schools?—A. The per capita non-residency fee is paid for the dependents who attend the school.

Q. That is paid by the department, is it?—A. That is right.

Mr. JUTRAS: This payment is usually on a per capita basis?

The WITNESS: In that case, yes.

Mr. STICK: At Goose Bay, are teachers provided by the provincial government?

The WITNESS: At Goose Bay they are provided by the Department of National Defence.

Mr. WRIGHT: Is that customary in other cases?

The WITNESS: They are normally employed by the school board. Engaged by the president of the school board and are qualified teachers.

Mr. WRIGHT: Is the school board formed in the camp? Are the personnel of the school board elected by the personnel in the camp, or how are they appointed?

The WITNESS: They are, in the camps, appointed by the commanding officer.

The CHAIRMAN: But the teachers I am told have to meet provincial requirements.

Mr. WRIGHT: But they are not hired through the provincial people?

The WITNESS: No, they are hired by the local School Board.

Mr. WRIGHT: With reference to the inspection services, are they the regular provincial inspectors who inspect these schools?

The WITNESS: Yes.

Mr. APPLEWHAITE: The teachers' salaries are paid by whom?

The WITNESS: They are paid by the Department of National Defence.

Mr. APPLEWHAITE: In cases where you may have civilian employees at these camps and assuming that their children are accepted in these schools, are they accepted on the same basis as children of service personnel?

The WITNESS: Yes.

By Mr. Pearkes:

Q. Is that restricted only to employees of the federal government or can the children of civilian families living in the immediate vicinity attend those schools?—A. It is not customary to take in children other than those of government employees. There might be certain exceptions in isolated communities.

Q. Take the case of Belmont Park for instance. Would the children of the man working in the dockyards be able to go to Belmont Park school?—A. No. Not unless they were occupying public married quarters.

Q. I understand that a number of the dockyard families are. They would be eligible?—A. If they were in the public married quarters that would be correct.

Mr. HERRIDGE: I understood the witness to say that the commanding officer appoints the teachers?

The CHAIRMAN: No.

The WITNESS: It is the commanding officer who appoints the school board. The chairman of the school board selects and appoints the teachers.

Mr. HERRIDGE: The main question is, what is the usual practice in appointing the school board? Are all ranks represented on the school board?

The WITNESS: Yes. That is the general practice.

Mr. FLEMING: I have a question about the auditoriums. I got the impression from the last two paragraphs of your statement, Mr. Davis, that the auditorium is of standard construction and size in all these areas. Is that right?

The WITNESS: Yes. The auditorium is a unit which is attached to the Department of National Defence schools when they reach a certain size.

Mr. FLEMING: In all cases of stage 3 and stage 4 schools you have this standard main auditorium with a seating capacity of 900?

The WITNESS: That is right.

The CHAIRMAN: That is in schools of over 14 classrooms.

By Mr. Fleming:

Q. It strikes me, in comparison with schools of normal size, that is an unusually large school auditorium with a seating capacity of 900. In stage 3 and stage 4 on Appendix "A" there are only two schools over the 700 mark. You have Camp Borden, 756 and Trenton, 731. They are very much larger than most of the others in stage 3 and 4. Is the auditorium used for other purposes than school purposes?—A. Yes. In certain cases it may be used for Sunday School purposes. It is used as a community centre part of the week.

Q. Who has the authority for the disposal or the use of the auditorium?—A. That would be under the commanding officer of the station.

Q. Not under the appointed school board?—A. No. Not in connection with the use of the auditorium out of school hours.

The CHAIRMAN: Mr. Fleming asked the question, if it did not appear to you to be somewhat elaborate to have such a large auditorium. How do you reach the conclusion that you should build one the size you indicate?

The WITNESS: That was based on the Ontario standards. That was the criteria on which we designed our National Defence schools.

Mr. FLEMING: There are a lot of schools in Ontario then that are sub-standards in the matter of their auditorium?

The WITNESS: That is correct.

The CHAIRMAN: Do you remember who the Minister of Education was?

Mr. APPLEWHAITE: Does that conflict with schools being built today?

The WITNESS: Those are the standards of schools being built today in Ontario.

Mr. FULTON: Did we not have a statement produced where we could find the cost of each of these schools?

The WITNESS: We referred that to Central Mortgage and Housing Corporation who will provide the information.

Mr. FULTON: One other question. Will you clear up a discrepancy under Picton, Ontario, which appears to be a departure from the general principle you outlined—"Auditoriums are only provided for stage 3 and 4 schools of 14 rooms or more."

The WITNESS: In Picton it was put in there because there are no other community facilities available in the area other than the Department of National Defence auditorium.

Mr. FLEMING: I think, Mr. Chairman, referring to Mr. Fulton's first question, we asked previously for the figures of the cost of those schools and I think that I asked previously for the cost of the auditorium and I think you told me you could produce a figure on the cost of constructing the auditorium?

The WITNESS: I should not have said that if I did, because we are not in a position to give you construction costs of these schools or any portion of them. That would have to be obtained from Central Mortgage and Housing Corporation. The best we could do would be to work out an estimated cost for you and there again that would be more appropriate for CMHC.

By Mr. Wright:

Q. What proportion of the accommodation is made available by reason of permanent construction and what percentage would be left for accommodation in the local schools? Have you any figures on that?—A. I have not the over-all figures, but it is based on an individual assessment at each station of what educational facilities exist and how they can be best utilized.

Q. Have you the contracts of all the agreements that are entered into by the military people in an area where the pupils can be accommodated in the civilian schools?—A. We can obtain those agreements for you.

Q. Are they standard agreements or do they vary from province to province?—A. They do vary from province to province.

Q. Could we have them filed, the standard agreements in the different provinces, so that we would know what they are?

Mr. DICKEY: Mr. Chairman, maybe it may be a little difficult for the witness to deal with a question of that kind because the policy under which these schools are operating is quite different from the construction, and after all Mr. Davis is a construction man.

The CHAIRMAN: These agreements are different in each province. They are negotiated by Central Mortgage and Housing Corporation. We will have a copy for you when they appear before the committee.

The WITNESS: The totals which were asked on this return, and the number of school rooms is 363.

Mr. FULTON: Wait a minute.

The CHAIRMAN: All right.

The WITNESS: The total accommodation, on an average of 30 per room, is 10,890. The present school population is 9,786; and the requirement based on the average figure is 15,692.

Mr. FLEMING: I do not follow that. What is the total of the approvals, the PMQ's, and the TMQ's approved?

The WITNESS: The approved married quarters? That is based on the requirement times 1½. It is 11,209. That is the total of the permanent married quarters.

Mr. APPLEWHAITE: It is important to know whether that includes appendix A and appendix B, or just appendix A alone to the answer tabled this morning.

The CHAIRMAN: It includes appendix A only.

Mr. APPLEWHAITE: Appendix A only.

By Mr. Fleming:

Q. Do I understand that in the figure of 15,692, and the figure of 9,786, you have roughly a 50 per cent margin with your present accommodation, over and above that?—A. No, we have a very small margin over the present school population. The total accommodation is 10,890. The actual existing population is 9,786, and the numbers which we can expect are 15,692 based on the over-all average per family taken throughout the country.

Q. That last figure then is definitely an estimate?—A. That is a statistical estimate of what we can expect to have to accommodate there.

Q. There is one question I asked on this subject. Perhaps you have it now, Mr. Davis. It is on appendix B to the answer. There are two items there, extensions, North Bay, a four room extension, and Sea Island, British Columbia, a four room extension to a civil school. Can you tell us under what circumstances those extensions were conducted? Are we to understand that these were extensions built by the Department of National Defence to existing schools operated by civil authorities?—A. Just in the one case at Sea Island; that is the only one we mentioned here. As far as building additions to existing schools is concerned, there is a policy that when we reach an existing stage IV school and a further extension is necessary, we would then go to a stage I school again and build it at a site which would be most suitable for the smaller children.

Q. Is that the extension at North Bay?

Mr. DICKEY: It says: "See appendix A". It is a six room school at North Bay.

The WITNESS: Yes, that is a primary school which is being built to extend the facilities at the existing service school.

By Mr. Fleming:

Q. Is it a primary school which is under civil authority?—A. No.

Q. At North Bay it is a four room extension to the six room school, which appears in appendix A?—A. That is correct.

Q. Then the only case on these returns where we have an extension built by the Department of National Defence to an existing school operated by a provincial or civil authority is at Sea Island?—A. That is correct.

Q. What are the circumstances at Sea Island which led to this particular arrangement between the department and the civil authorities?

The WITNESS: The story at Sea Island is that the Department of National Defence is contributing \$40,000 towards this new extension, and, in addition, it will share in the cost of the annual upkeep on the basis of \$14.40 per child per month of the school year. The reason for that form of arrangement would be that as against the cost of constructing separate DND facilities, this would be more favourable to the Department of National Defence.

By Mr. Fleming:

Q. What proportion does the \$40,000 represent of the total cost of constructing that extension?—A. I cannot give that to you off hand but we could obtain it for you.

Q. Please do so.—A. It might be better to get the details of the cost from Central Mortgage and Housing Corporation because they carry out these negotiations for us.

The CHAIRMAN: They are taking note of that question. Now, Mr. Herridge.

By Mr. Herridge:

Q. I have one or two questions. Would Mr. Davis have any figures which would indicate the comparative cost of operating these schools, including such things as the teachers' salaries, and the cost of maintaining the building, in comparison to the average provincial cost in the provinces in which they are being operated? And are there any instructions which go out from the department in respect to the cost of operating the schools with reference to suggesting the necessity for economy, with respect to the cost of fuel, lighting and things like that? Do you ask people to be a little more careful in the expenditure of public money?—A. Yes. I am advised that we pay the salaries which are common in the locality, and that they are based on the closest comparable community.

Q. What I meant was: in addition to that, with respect to heating, lighting, and maintenance, does the School Board keep figures which are separate from the rest of the camp, figures which would indicate the cost of operating the school? Otherwise I think there would be a tendency to spend public funds without consideration.—A. So far as I know, there are no separate figures kept for the maintenance of operations of schools. They are not available at the moment.

Mr. PEARKES: What was done about the janitor service?

The WITNESS: The Department of National Defence provides janitor service for the schools.

Mr. HARKNESS: You say that combined grade and high schools have been constructed in isolated units. You mentioned Goose Bay, Fort Churchill, Rivers, and Namao. The village of Namao is about 10 or 12 miles from the centre of the city and the camp starts just outside the city limits of Edmonton. Would you say it was located at one of the "isolated units"?

Mr. STICK: For security reasons it is going to be isolated.

Mr. FLEMING: No. These are all outside of security areas.

Mr. STICK: And how do you know that?

Mr. FLEMING: We were told that, earlier.

The WITNESS: The reason at Namao is because Edmonton at present is unable to provide high school facilities for us. It has therefore been necessary for the department to provide them.

The CHAIRMAN: Gentlemen, we have had a turn at this. Next on our agenda is Churchill. I will ask Mr. Davis to give us the role, installations and further information. If we can obtain enough information today, then at the next meeting we can call on Mr. Johnson and he will deal with construction. Please go ahead.

The WITNESS: There are two stations at Churchill. There is one classified station for the Navy, and there is a main station at Churchill, a military station. The military camp at Churchill was opened in 1943 by the United States as an intermediate base for the evacuation of wounded personnel from Europe.

Certain construction, such as a hospital group of buildings, was of a semi-permanent nature, and the remaining buildings were purely temporary wartime construction. Included in the facilities at Churchill were two 6,000' runways at the airfield site. In 1945 the station was closed up, but was reopened again in 1946 by the Canadian Army as a joint northern experimental training station.

The use and value of this station in its revised capacity has steadily increased and it is now a permanent army station. Since the bulk of the buildings available at Churchill have outlived their life expectancy in wartime construction, many new buildings suitable for living accommodation, offices, shops, warehouses and storage have been constructed. Also facilities such as heat, light, water, and sewage have been provided. A detailed listing of these buildings is shown in annex No. 1 and I will table it now, if the committee is agreeable.

Mr. WRIGHT: Does the table give the year they were constructed?

The WITNESS: No, but they have been constructed during the period which is under review.

Mr. FLEMING: You are quite sure there is nothing there that goes back of March 31, 1950?

The WITNESS: They certainly would not have been completed.

Mr. DICKEY: He is only being facetious.

The WITNESS: The estimated value of any contract let and expenditures made between the first of April, 1950, and the 31st of December 1952 together with other details is being prepared by Defence Construction Limited, and is, we understand, to be submitted separately.

On the 7th of August, 1952, full title for the 9,740 acres which constitutes the property for Churchill, was purchased by the Crown from the province of Manitoba at a cost of \$1 per acre. The water supply system at Churchill has proved to be an onerous problem and much research and experimentation has been necessary to provide suitable economic design. I will put in the record a list of the works which have been carried out, and the expenditures will be prepared by Defence Construction Limited.

STATION DEVELOPMENT

Fort Churchill, Man.

- DRB No. 1 (D3)
- DRB No. 2 (D4)
- DRB No. 3
- Communication Centre (D5)
- HQ Bldg U.S. (D6)
- HQ Bldg Can (D7)
- Central Heating Plant (Oil) (D15)
- Power Plant Diesel (D16)
- RCE Stores Quonset (D17)
- RCE M.T. Garage Quonset
- RCE Office & Stores (D19)
- OR's Quarters (100) (F1)
- OR's Quarters (100) (F2)
- OR's Quarters (100) (F3)
- OR's Quarters (100) (F4)
- Officers Quarters (28) (F5)
- Ladies Quarters (44) (F6)
- Officers Quarters (28) (F7)
- Officers Mess and Lounge (F8)
- Officers Quarters (28) (F11)

Officers Quarters (28) (F12)	
OR's Quarters (100) (F13)	
OR's Quarters (100) (F14)	
OR's Quarters (100) (F15)	
OR's Mess (1000) (F16)	
OR's Quarters (100) (F20)	
Sgts Quarters (37) (F21)	
Sgts Quarters (37) (F22)	
Sgts Mess and Lounge (F23)	
Sgts Quarters (37) (F25)	
OR's Quarters (100) (F26)	
Recreation Bldg Theatre (600) Canteen (F30)	
Dual Chapel (H1)	
Commissary Store (H2)	
Pump House (L1)	
Water Treatment Plant	
Warehouse (L2, 3, 4, 5)	
Oil Tank Farm	
Sewer Outfall	
Fire Alarm System	
88 Permanent Married Quarters	
56 Permanent Married Quarters	
148 Permanent Married Quarters	
School	
Looping Water Mains	
Static Water Storage Tank & Pump	
Purchase Generator, Extend Plant	
Value of work carried out by contract or day labour	\$14,245,875.00
Value of work not awarded yet	858,000.00
Total value of work	<hr/> \$15,103,875.00

Mr. DICKEY: Can you say anything about the particular role of the base, and just exactly what its general purpose is?

The WITNESS: It is generally for winter experimental work, and it is also used for training in winter warfare.

Mr. APPLEWHAITE: In the period under review, was all the capital cost paid for by the government of Canada, or did any other country's government make any capital expenditure?

The WITNESS: In the period under review, that which is in our major construction program, it is entirely a Canadian project.

By Mr. Stick:

Q. What happens if the United States government takes over any facilities in Churchill? Is there an agreement made with them regarding the costs and so on?—A. If they did, no doubt such an arrangement would be made. But at the present time it is entirely a Canadian controlled and owned base.

Q. You do not know of any arrangement made between the two governments on the basis of my question?—A. I have no knowledge of any such agreement at the moment.

By Mr. Fleming:

Q. May I take it then that so far as there are American installations presently there now, they are being operated entirely independently of Cana-

dian installations, and there is no case where the cost of construction or current maintenance is being shared?—A. I would like to find out and give you an answer to that at the next meeting.

By Mr. Stick:

Q. I would like to ask a question on that because in Newfoundland we share bases with the Americans. It would be interesting to know on what basis these facilities were shared, and if we are going to have it for Churchill, may we also have it for such places as Goose Bay and Torbay in Newfoundland?—A. At Goose Bay there is a separate station for the Americans which is entirely separate from the Canadian station there.

Q. They use our facilities there, do they not?—A. There are certain joint facilities on the airdrome.

Q. Which are common to both?—A. Which are common to both, yes, but all other construction is in a separate area, and is paid for and maintained by the Americans.

By Mr. Wright:

Q. I have the public accounts, and I notice at page N-30, it states that:

Cost plus fixed fee of \$40,371—Engineering services re 14 married quarters

That works out to some \$2,600 or \$2,700 for engineering fees for the construction of each married quarters. Is there any explanation?

And the next item says:

Cost plus fee of 5 per cent of estimated cost of construction—
Design of dual chapel, \$7,765.

That seems to be a considerable sum to pay for a design for a chapel when, according to evidence given before the committee some time ago, we had a standard chapel for the various camps?—A. Might I leave that for Defence Construction Limited or Central Mortgage and Housing Corporation to answer? The first part is the responsibility of Defence Construction Ltd., who negotiate all our contracts for us.

By Mr. Fleming:

Q. Have you no basis at all for determining the nature of the contract that is let on your behalf by either Defence Construction Limited or by the Department of Defence Production?—A. Our responsibility is to establish the requirement. It is then the responsibility of Defence Construction Limited to negotiate the most favourable contract for the department.

Q. Then it is the Department of Defence Production which takes the over-all responsibility for the nature of the contract that is awarded?—A. That is correct.

Mr. FULTON: I also have the public accounts before me, and I am interested in the same question which was asked by Mr. Wright. I wonder if the witness would have any comment to offer on the fact that as I total it up here, the Foundation Company of Canada, which is only one of the companies engaged in construction at Churchill, has received a cost plus fee totalling \$504,057 for the period covered by the last public accounts? Has Mr. Davis any comment to make on the matter of awarding contracts on a basis which would result in the payment of over \$½ million in cost plus fees for the construction? Is that the only way you can get anything built in Churchill?

The CHAIRMAN: Mr. Davis told Mr. Fleming a minute ago that once he has a requirement, he passes it on to the Department of Defence Production and it is dealt with by Defence Construction Limited.

Mr. FLEMING: No, by the Department of Defence Production.

The CHAIRMAN: He passes it on to the Department of Defence Production, and Defence Construction Limited actually do the work. Mr. Johnson has been here for a couple of weeks, four meetings anyway, waiting to take the stand, he will be able to deal with that at that time. This witness is not competent to deal with it. If he could he would.

By Mr. Fulton:

Q. Could this witness answer this question so that we may have a background for the time when Mr. Johnson comes: at page N-30 of the public accounts I see:

Cost plus fixed fee of \$158,641—Construction of 13 married quarters (56 units), 148 married quarters and school, and supply and installation of 2 heating boilers...

As well as the other items to which Mr. Wright referred:

Cost plus fixed fee of \$40,371—Engineering services re 14 married quarters...

Cost plus fee of 5 per cent of estimated cost of construction—Design of dual chapel...

—A. No, I would not be in a position to answer that. As I have explained, that is a matter on which Defence Construction Limited or Central Mortgage and Housing Corporation can give you the information.

The CHAIRMAN: Now we just have Cold Lake.

The WITNESS: May I first give some information on Churchill which has been received. Churchill is entirely a Canadian owned station. The capital cost and the maintenance of it is entirely Canadian. In so far as there are other services or other countries there, the Army act as the host and supply accommodation. But they would pay and look after the administration of their own personnel.

Mr. WRIGHT: Can the witness give us the departmental policy with regard to the construction at Churchill?

The CHAIRMAN: What do you mean by that?

By Mr. Wright:

Q. On what basis is the construction done at Churchill? The construction there at one time was done through the use of army personnel. I do not know whether that policy is still being followed, or whether all contracts are let with labour being brought in to complete the contract, or whether the contractors operating at Churchill are still using army personnel or army equipment in construction work. What is your policy with regard to Churchill in that respect?—A. Our policy with regard to Churchill is the same as the general policy which has been outlined, and we have the class of buildings put up to suit the continuing need. At Churchill we took over wartime buildings and it has become necessary to replace them. So we have designed and asked Defence Construction Limited to arrange construction for us.

Q. You have not any set policy for Defence Construction to follow in an isolated area such as Churchill?—A. We have a set policy for Defence Construction Limited. We pass our requirements to them, and they negotiate the most favourable type of contract for us.

I have outlined the cases where we construct by day labour. That is done where for any reason it is more economical in view of the nature of the work and the circumstances.

By Mr. Fulton:

Q. I want to ask Mr. Davis this with respect to Fort Churchill. A reply was tabled this morning to the questions asked by Mr. Pearkes with respect to the total numbers accommodated at these camps. On the second page it refers to Fort Churchill, and you have divided it into two columns. Your figures are divided into two columns. One is headed "Permanent Peace Time Accommodation of New Construction", and the other column is headed "Total Accommodation of Station at Peace Time Capacity". In the case of Churchill, you have no entry in the first column, although you have a figure of 1,199 in the second column. Why is that omitted from the first column in this case, because surely this is new construction that is going on there? It is reflected in the last public accounts which were tabled only recently.—A. I had better check that and find out the reason. It must be a typographical error.

By Mr. Thomas:

Q. And the same applies to Wainwright?—A. Wainwright is a different case, and I had better answer that separately. Do you want it now?

Q. I would like to know why.—A. Wainwright was not constructed class I or class II standards. It was constructed to sub-class III standards, which were designed primarily for mobilization purposes. At Wainwright, it is used for training purposes throughout the year.

The CHAIRMAN: Very well.

Mr. THOMAS: There are no class I or class II buildings going on at the present time there?

The WITNESS: Not at Wainwright.

Mr. ADAMSON: There is an R.C.A.F. station near Churchill, I have been told.

The WITNESS: The only other stations there are classified establishments concerning which I am not at liberty to give the details.

The CHAIRMAN: Is there an R.C.A.F. station there? Can you say that?

Mr. APPLEWHAITE: Let him consider his answer.

The WITNESS: I can obtain the details.

By Mr. Adamson:

Q. Yes. I flew over it and I was informed that it was abandoned.—A. I do not know to what you refer, I am afraid.

Q. It was some 6 or 7 miles from Churchill anyway. But you can find out.—A. The R.C.A.F. station which is 6 or 7 miles away?

The CHAIRMAN: Very well.

By Mr. Pearkes:

Q. My question has been partly asked by Mr. Fulton, but is there no accommodation for air force or navy being constructed at Churchill?—A. At Churchill the army are the host service, and they provide facilities which are utilized by the other services.

Q. And they total 1,199, for all three services?—A. That is correct. But as to the question of what permanent construction is there, I shall have to check that for you.

Q. Of course there is temporary accommodation.—A. That is right. That would be included in the second column which gives the over-all figure at Churchill.

Mr. PEARKES: Does that over-all figure in the second column include temporary accommodation.

The WITNESS: That would include temporary accommodation. Yes. That is the over-all existing accommodation for single personnel at the peace time scale.

The CHAIRMAN: We have made some progress, if we can finish with Cold Lake this morning, then Mr. Johnson could start to give evidence at the next meeting and we could really get into construction. The questioning has indicated some trend. It would be useful if the members would give an indication to Mr. Johnson as to the form and content which their questions will take so that he can prepare himself. He has a great deal of material prepared in order to have answers available for you.

It will be useful to have a word as to the role at Cold Lake, the location, role installations and what we have there. You are interested in Cold Lake, Mr. Decore.

The WITNESS: May I give the story?

The CHAIRMAN: Yes. Tell us where it is, because we are easterners.

The WITNESS: Cold Lake is north and east of the end of the Canadian National Railway line which goes up through Bonnyville, which is northeast of Edmonton. It is close to the Saskatchewan-Alberta border.

By Mr. Decore:

Q. The station is right on the Saskatchewan-Alberta border?—A. It is in Alberta.

1. The development of jet aircraft, air-to-air rocket projectiles, high level bombing and fighter interception practices above 20,000 feet, developed the need of an Air Weapons Centre remote from built-up areas wherein aircrews could be trained in advanced weapons work and new weapons tested without endangering the civil populace. Cold Lake, a remote and undeveloped site, was selected for this purpose. The establishment is:

- (a) Officers — 202
- (b) Airmen — 1585
- (c) Trainees — 187
- (d) Aircraft — 128

2. To meet the initial accommodation and working requirements for the function outlined above, the construction shown below was authorized.

3. The estimated cost of the site development at RCAF Station, Cold Lake is \$35,270,000.00.

4. The items in this development are detailed as follows:

- Cannon Stop Butt Type I
- Construction Engineering Building
- Fire Hall Scheme "C"
- Guard House—5 Cell
- Ration Depot (Large)
- Officers Mess (Large) (150-300) Scheme "B"
- NCO's Mess Large (150-300) Scheme "A"
- (4) Officers Quarters 60 Man Stage II
- (2) NCO's Quarters 60 Man Stage II
- (3) Other Ranks Quarters 180 Man
- (2)—72 Man Extension to other Ranks Quarters
- (1)—25 Bed Hospital
- (2)—160 x 220 Structural Steel Hangars
- Mobile Equipment Garage
- Headquarters Building (Large)

Erection and Supply of 6 Explosives Storage Buildings
 Roman Catholic and Protestant Chapels
 Cantilever Hangar
 Unit Receiver Building Scheme "B"
 Synthetic Trainer Building Stage I and II
 Drill and Recreation Hall
 Central Heating Plant Scheme "B"
 Supply and Installation of 3 Steam Generators
 Materials and Installation of Underground Steam Distribution System
 Construction of Railway Siding
 Clearing and Grading for Railway Spur Line
 Sewage Pumps, Water Supply, Reservoir and Pumphouse
 Materials for Sewer and Water Systems
 Water Distribution System and Storm Sewers
 Sewage Pumphouse and Treatment Plant
 Supply of Hydrants
 Supply of Gate Valves
 Roads Grading and Drainage
 Component Parts for Bulk Fuel Storage
 Supply and Installation of Power Distribution
 Fire Alarm and Street Lighting
 Construction of Power Substation
 Structural Steel for 2 Hangars (160 x 220)
 2 (160 x 220) Structural Steel Hangars
 Perimeter Strip around Danger Area
 Briefing Centre and Control Tower
 Transmitter Building
 VHF/DF Building
 Canteen (Large)
 Ground Control Installation (GCI) Operations Building
 LF/MF Beacon (2)
 Engine Run-up Shed
 1 (160 x 220) Steel Hangar
 Stand-by Power Building
 Construction of 2 runways and 2 taxiways (8200 x 200) (5900 x 200)
 Hangar and Parking Aprons for 1 Cantilever and 5 (160 x 220)
 Hangars
 Installation of High Intensity Runway Lighting on two Runways
 and one Approach and Medium Intensity Lighting on Taxiways
 Construction of 355 Permanent Married Quarters with Allied
 Services
 Construction of a Stage III-14 Room School with Allied Services

The total value of the contracts awarded for this construction program is \$23,356,737, against which there has been an expenditure of \$6,047,738 up to the 31 of December 1952. Land acquisition details are as follows: Location—Cold Lake, Alberta, being part of townships 62 and 63, Ranges 2 and 3, west of the fourth meridian. The amount of land is approximately 5,920 acres. The method of acquisition by expropriation. Settlement has been completed on 1,437 acres in the amount of \$78,900. The cost per acre works out to \$54.

Mr. HARKNESS: Are you sure that figure is right, \$54? It cannot be I do not think.

Mr. THOMAS: It can be but it shouldn't be.

The WITNESS: The figures 1,437 acres in the amount \$78,900 would indicate approximately \$54 an acre.

Mr. HARKNESS: That land is not worth anything.

The WITNESS: We can have this checked. This land is negotiated for us by the Department of Transport and if you like I will have these figures checked.

Mr. HARKNESS: I think that they should not only be checked, but that we should be given some explanation as to why that is paid for that land which for practical purposes is valueless.

Mr. DECORE: There is good land there. I do some fishing there.

The CHAIRMAN: Perhaps the mineral rights go with it.

Mr. PEARKES: Waterworks go with it.

Mr. APPLEWHAITE: Mr. Chairman, when the witness previously read this figure of the establishment I think it was something like a total of 1,500 or 1,600. What I want to get at is how those figures are broken down. What is the explanation for the difference in those figures and the reply to General Pearkes which shows the total accommodation peacetime capacity as 1,044? Has this been increased to a wartime standing?

The WITNESS: No. But the explanation is, this is single accommodation included in the information given to General Pearkes. There are in addition certain married quarters authorized but not yet constructed for Cold Lake which will bring it up to within a reasonable distance of the over-all establishment. The balance will be made up by temporarily doubling up in certain cases.

Mr. APPLEWHAITE: We have so much material I guess I am bogged down. This reply to General Pearkes is under the heading "Peacetime capacity". Should that then read it is accommodation for single personnel?

The WITNESS: Yes. It should. The whole question relates to what is the existing living accommodation for single personnel at peacetime scale.

By Mr. Decore:

Q. What is the target date for the completion of this project at Cold Lake?
—A. At the moment the whole of the construction in the approved program has not yet been let.

Q. I notice there has been \$23 million let out of the thirty-five million?—
A. That is right. The construction is phased to enable us to activate the station over the summer of next year. There will be partial activation in the spring of 1954 and we expect the total activation later in 1954.

Q. This amount of \$23 million on which there have been contracts awarded, is the construction going on according to schedule or are there some delays in the construction on the contracts already on hand?—A. I have been told that progress well phased with the planned completion of these projects which are under construction.

Mr. THOMAS: Was all this land privately owned or partially owned by the province of Alberta?

The WITNESS: I will have to obtain details for you. I know there was a good deal of privately owned land there.

Mr. THOMAS: I would appreciate it if I could get the proportion.

The WITNESS: Certainly.

Mr. DECORE: What about the lakes? Cold Lake and Primrose Lake. Are they being used for bombing purposes?

The WITNESS: Yes.

Mr. THOMAS: Have they made any arrangements for transplanting the fish? That is good fishing country up there.

The WITNESS: I understand that the actual range is at the moment under negotiation with the provinces of both Alberta and Saskatchewan. We would not at this time be able to make a statement.

Mr. DECORE: Could you say whether this is all within the province of Alberta or does it extend into Saskatchewan?

The WITNESS: The range is on both sides of the border. The station at Cold Lake is entirely in Alberta.

Mr. DECORE: I wonder, when you are getting an answer to my previous question, could you indicate how much is on each side of the provincial border?

By Mr. Fleming:

Q. You indicated that the figure of \$78,900 which is paid out for land was arrived at in all cases by settlement. There have been no assessments of compensation by the courts?—A. I will obtain details of that for you.

Q. Can you tell me how many land owners are involved in the settlements you have made so far for the 1,437 acres?—A. We will try and obtain that for you now.

Q. You gave an estimated figure of \$35,270,000 as the cost of site developments?—A. That is so.

Q. I take it that that does not include any land acquisition cost?—A. That would be for the construction at the site and would exclude land acquisition cost.

Q. Are there any other items that will enter into the final cost of the entire site and its development, other than site development and land acquisition costs?—A. Not according to the present approved program.

Q. Now, what was the estimate placed upon the cost of land acquisition before the project was decided upon?—A. I would have to obtain that figure for you.

Q. And when you obtain that, will you break it down to the estimated cost per acre? And when you are getting the information, also will you be prepared to indicate to us where, with reference to the total 5,920 acres acquired, the 1,437 acres are located on which a settlement has thus far been made? Will you do that, too, Mr. Davis? I can presume that there were no buildings on these lands when they were acquired by the department?—A. I would not be able to say that. There may be homesteaders.

Q. Will your information show that?—A. We can obtain that for you, yes.

The CHAIRMAN: Mr. Fulton.

By Mr. Fulton:

Q. These settlements you refer to, do you know when they were made?—A. I have not the details immediately available, Mr. Fulton.

Q. Will you include that in your reply?—A. Yes.

Q. And you are going to give us the names of the individuals?

The CHAIRMAN: Not the names of the individuals!

Mr. FLEMING: I asked for the number.

Mr. FULTON: I will ask for the names.

The CHAIRMAN: The names of all these 1,700?

By Mr. Fulton:

Q. The names of the persons with whom settlements have been made to date for the land acquired.—A. Yes, we can obtain that for you, and details of the settlements.

Q. Thank you. There is in public accounts, for the fiscal year ended March 31, 1952, at page N-58—I may say that there are only two entries under Cold Lake up to March 31, 1952, one for the Canadian National Railways, construction of railway siding, \$76,160; and the second one, Sparling-Davis Company Limited, construction of part "A", water supply system, total payments to date, \$35,075. Could you just tell us what the construction of that

part "A", water supply system, represents?—A. I cannot give you that offhand, but to the best of my knowledge it was for the preliminary work to enable construction to go on, an advance portion of the services which were going into Cold Lake.

Q. Was there a railway line running right past the site, so that all that was required was a spur, or a siding, rather?—A. There was—again speaking from memory—a railway line on the other side of the Beaver river. It was necessary to extend the line and construct a spur into the camp. I cannot tell you what proportion of that construction was done by the railway as part of their development, or what part was for the Department of National Defence, but if you want details they can be obtained.

By Mr. Harkness:

Q. The 5,920 acres which you acquired is solely for the campsite and an airfield, I presume. Is that correct?—A. That is correct.

Q. What is the area of land you are going to acquire there for the range? That area will be very much larger?—A. The negotiations are now towards securing the use of land for the purpose of ranges and we will not, it is intended, secure ownership of that land.

Q. In other words, you are going to secure that on a lease basis?—A. That is correct.

Q. What is the total area of that land?

Mr. APPLEWHAITE: Will it be acquired by lease or easement?

The WITNESS: I do not think that at this stage we could give you that figure. This is still under negotiation with the provincial governments.

Mr. HARKNESS: Has not the figure already been given and appeared in the newspapers on various occasions, and was it not announced by the minister at one time in the house?

The CHAIRMAN: Could you suggest the figure, Mr. Harkness, and perhaps they could confirm it?

Mr. HARKNESS: I do not remember. It is a very large area. I think it is several thousand square miles. I think it is important that we should have some idea of what the cost of this very large area is going to be.

The CHAIRMAN: It is being negotiated with the two provincial governments. I do not think they will pay an exorbitant price to these governments.

The WITNESS: I am advised that it is over 4,000 square miles, that is, the area for the range.

Mr. WRIGHT: That will be mostly lake, will it not?

The WITNESS: Well, it certainly covers muskeg country. I do not know whether we have got a detailed breakdown of the composition.

By Mr. Harkness:

Q. Can you at a later time give us all the details you can in connection with the area that is to be secured by lease, or if it is not by lease, under what terms it is to be secured and what the estimated cost is?—A. Yes, we can obtain that information but it would not be known till later after the conclusion of the negotiations.

Q. Now, one of the problems in connection with this is the removal of people who live on the range. The only people who live in this proposed range area, I understand, are a band or two of Indians, and there is a considerable question as to compensation for these Indians, or reestablishing them in another area. Can you tell us what has been done in that regard and what is the cost going to be?—A. This is under study at the present time and we could provide you later with the information.

The CHAIRMAN: The Indians are still on that reserve, as far as I can see.

Mr. HARKNESS: They are still there, but that is one of the questions—what is to be done with the Indians?

The CHAIRMAN: Is not that a matter for the provincial government?

Mr. HARKNESS: No, it comes entirely under the dominion government.

The CHAIRMAN: Yes, you are quite right.

The WITNESS: May I say that there is no immediate urgency. The station will not be activated for over a year, and there would be no immediate need to vacate people from that area.

Mr. THOMAS: How much of this 5,920 acres would be improved land, and how much unimproved?

The WITNESS: That information is being obtained from the Department of Transport.

By Mr. Fleming:

Q. Do you know what kind of contracts have been awarded to this amount of \$23,356,732?—A. I would prefer to have that answered by Defence Construction Limited.

Q. Are you in a position to tell us whether there were any cost plus contracts among them?—A. I could not give you that information.

By Mr. Applewhaite:

Q. Mr. Chairman, do these references to the Department of Transport indicate a possible eventual civilian use of this project? If not, how do they come into the picture?—A. No, I believe it was explained by Colonel Campbell in his initial statement that we utilize the services of the Lands Branch of the Department of Transport for negotiating certain land acquisitions for the Department of National Defence.

Q. Just because of their technical knowledge of the subject?—A. Because of their experience in that form of work, we felt they could do it best for us.

Q. It does not indicate any possibility of civilian use at a future date?—A. Not in itself.

By Mr. Pearkes:

Q. With reference to the previous question asked by Mr. Applewhaite and the answer given in connection with these tables, I think I should read out the question that I had asked, because the answer did not specify that this accommodation was for single personnel only. The question as asked reads as follows:

- I. What are the names of the stations where class I or class II permanent construction has been built or is included in the approved program?
- II. What number of personnel will these permanent buildings accommodate at peacetime scales? Show also for each station, in brackets, total existing personnel accommodation at peacetime scales.

There was no reference there made to single accommodation, to single personnel only, and if this table refers to single personnel only, I think that should be made clear, because the original question would have included all. I am not going to press, so do not get alarmed about it, but I think you should clear that point up for the benefit of the members of the committee.—A. That did exclude the permanent married quarters; the accommodation for married personnel.

Mr. HARKNESS: On that very same point, Mr. Chairman.

Mr. APPLEWHAITE: I just want to make a suggestion. If this reply as filed for General Pearkes is going to be printed as part of our record, I suggest a new heading so that it indicates that it is single accommodation only.

The CHAIRMAN: It has already been printed, Mr. Applewhaite. There is nothing much I can do about it now.

Mr. PEARKES: Just a statement will be sufficient, saying that it applies to single personnel, and anybody who studies the minutes of these proceedings will understand that.

The CHAIRMAN: The clerk will print a note to that effect.

Mr. HARKNESS: Mr. Davis, there is a discrepancy between the return which you brought down for General Pearkes, showing the accommodation at all of these camps and the return you produced for me showing the total amount of single accommodation. The return you made to General Pearkes' question shows 66,427 personnel. The return you gave me shows accommodation for 66,652 personnel.

The WITNESS: Those were for different purposes. The figure which I have here for the total station capacity at peacetime scales, for General Pearkes, came to 44,986, and the information given in reply to your question was 66,652. The difference between those two figures would be the stations which were not permanent stations and where we had no permanent construction.

By Mr. Fulton:

Q. Mr. Davis, I am sorry, but I think the total of the return you gave to General Pearkes is something over 60,000. The figure you just gave now of 44,986 refers to the army alone. If you add in the navy and the air force, you get it up to 66,427, if my arithmetic is correct.—A. That is correct, yes. General Pearkes, the classified stations would be excluded from your return, whereas they have been included in the bulk figure and for each of the services.

Q. The totals are within about 150 of each other. The total on General Pearkes' return is 66,427, and the figure you have given to Mr. Harkness is 66,652, so they are within about 200 of each other.—A. There is another reason, too. If you will look at Gagetown, for instance, we have shown in General Pearkes' return 2,940. That figure does not exist at the moment, but it is in the approved program. Now, General Pearkes' figures include construction which has been approved but has not yet been built, whereas Mr. Harkness' figures are for existing living accommodation, so we would expect that as the program is completed that there would be a substantial addition to the 66,000.

The CHAIRMAN: Gentlemen, we intend on Tuesday to have Mr. Johnson on the stand. Mr. Johnson will have a statement to read. I will endeavor to obtain that statement as early as I possibly can. I would like to have this understanding: that if I am able to obtain a copy for everyone, it is not to be released until such time as the witness appears before the committee. He will be the first witness. Mr. Davis will be available for further questioning on any of the answers that he will have ready at that time.

The meeting adjourned.

APPENDIX No. 30

Question by Mr. Pearkes,

(Asked on March 3, 1953)

Requests by the Civil Service Commission for Additional Personnel at Numbers 3 and 6 Works COYs.

Answer (DND)

No. 3 WORKS COY (OTTAWA DETACHMENT)

Date Requested	No.	Position	C.S.C. Comments
29 January 1951..	1	Caretaker PT.....	approved
29 January 1951..	1	Stationary Engineer, Gr. 1.....	approved
29 January 1951..	3	Firemen Labourers.....	approved
18 April 1951..	1	Clerk Gr. 2A.....	approved
12 October 1951..	1	Clerk Gr. 2A.....	approved
12 October 1951..	1	Assistant Technician Gr. 3.....	approved
12 October 1951..	5	Motor Mechanics.....	approved
16 October 1952..	1	Caretaker Gr. 3.....	Deleted Charwoman P.T. recommended
4 December 1952..	1	Clerk Gr. 3.....	Deleted pending additional information
6 January 1953..	1	Gardener Gr. 1.....	Deleted by C.S.C.
6 January 1953..	1	Electrician.....	Approved T.B. 13.2.53
6 January 1953..	1	Electrician Helper.....	Approved T.B. 13.2.53
6 January 1953..	2	Carpenters.....	Approved T.B. 13.2.53
6 January 1953..	2	Heavy Equipment Operator.....	Approved T.B. 13.2.53
6 January 1953..	2	Motor Mechanics.....	Approved T.B. 13.2.53
6 January 1953..	4	Drivers.....	Approved T.B. 13.2.53

The following positions were authorized on an emergency basis after discussion with C.S.C.

Date Requested	No.	Position	C.S.C. Comments
13 December 1951..	1	Caretaker Gr. 2	
4 January 1952..	3	Firefighters	
20 February 1952..	2	Caretakers Gr. 2	
14 June 1952..	1	Typist	
24 June 1952..	4	Firefighters	
16 July 1952..	1	Clerk, Gr. 1	
19 May 1951..	1	Carpenter.....	approved
19 May 1951..	8	Clerks Gr. 2A.....	approved
19 May 1951..	1	Stores Assistant.....	approved
19 May 1951..	1	Draftsman, Gr. 3.....	approved as Gr. 1 only
19 May 1951..	1	Clerk of Works Gr. 4.....	Deleted "in the opinion of the C.S.C. does not appear to be justified"
19 May 1951..	2	Packer—Helpers.....	approved
19 May 1951..	4	Typists Gr. 2A.....	approved as Gr. 1 only
28 November 1951..	1	Typist Gr. 1.....	approved
28 November 1951..	1	Clerk Gr. 2.....	approved
22 February 1952..	4	Stat. Engineer, Gr. 1.....	approved (in lieu of firemen)
22 February 1952..	1	Stat. Engineer, Gr. 2.....	approved (in lieu of firemen)
22 February 1952..	7	Firemen Labourers (Seasonal).....	approved
22 February 1952..	1	Fireman Labourer (Continuing).....	approved
5 January 1953..	2	Technical Officer Gr. 3.....	approved
5 January 1953..	1	Technical Officer Gr. 5.....	approved
5 January 1953..	1	Technical Officer Gr. 4.....	approved
12 January 1953..	3	Caretakers Gr. 2.....	approved
12 January 1953..	3	Clerks Gr. 2A.....	approved
12 January 1953..	1	Clerk Gr. 3.....	approved
12 January 1953..	6	Clerks Gr. 2A(K.T.).....	approved
12 January 1953..	3	Electricians.....	approved
12 January 1953..	1	Firefighter-Lieutenant.....	approved
12 January 1953..	5	Firefighters.....	approved
12 January 1953..	4	Labourers.....	approved
12 January 1953..	1	Packer and Helper.....	approved
12 January 1953..	1	Steamfitter.....	approved
12 January 1953..	1	Storeman Gr. 1.....	approved
12 January 1953..	1	Stat. Engineer Gr. 1.....	approved
12 January 1953..	11	Fireman Labourer (continuous).....	approved
12 January 1953..	13	Fireman Labourer (seasonal).....	approved
12 January 1953..	1	Technician Gr. 4.....	approved

No. 6 WORKS COY. RCE—HALIFAX

Date Requested	No.	Position	C.S.C. Comments
24 January 1953.	1	Caretaker Gr. 1 P.T.	Approved under section 39 C.S. Act pending review on ground by C.S.C.
27 January 1953.	3	Caretaker Gr. 1 P.T.	approved
27 January 1953.	1	Caretaker Gr. 2	approved
25 February 1953.	1	Caretaker Gr. 2	approved

The following positions were authorized on an emergency basis following discussion with the Civil Service Commission.

9 November 1951.	1	Clerk Gr. 1A
9 November 1951.	1	Clerk Gr. 2A
17 January 1952.	1	Caretaker
12 April 1952.	3	Watchman
12 April 1952.	3	Caretaker
27 May 1952.	1	Instrument Maker
16 July 1952.	1	Clerk
16 July 1952.	2	Storemen
5 June 1952.	3	Clerks
5 June 1952.	4	Storemen
5 June 1952.	4	Packer and Helpers
22 September 1952.	5	Clerks
22 September 1952.	4	Typists
22 September 1952.	16	Labourers
3 October 1952.	14	Firemen—Labourers
27 October 1952.	1	Fireman—Labourer

(Tabled March 19, 1953.)

APPENDIX No. 31

Question by Mr. Harkness

(Asked on March 12, 1953)

What is the existing living accommodation for single personnel, at peace-time scales.

(a) Occupied by the Active Force.

(b) Occupied for training purposes (including both Active and Reserve Force).

Example Wainwright.

Answer DND

	Personnel
Army	34,640
Air	24,635
Navy	7,377
Total	66,652

(Tabled March 19, 1953).

APPENDIX No. 32

Question by Mr. Fleming

(Asked on March 12, 1953)

*Educational facilities provided by the
Department of National Defence,
for dependents of Service Personnel*

Answer DND

It is the policy of the Department of National Defence to ensure that educational facilities are available to all dependents of service personnel occupying public married quarters. Wherever possible, arrangements are made with civilian educational authorities to accommodate the dependents of service personnel and appropriate financial arrangements are effected.

The Department of National Defence provides schools where no civilian facilities are available. In all provinces service schools are operated to provincial standards, i.e., design, educational standards, employment of teachers, inspections, and financial arrangements worked out with provincial authorities.

The school-rooms are planned to accommodate 30 pupils but an allowance is made for an additional five students when necessary.

The provision of schools is integrated with the approved married quarters programme at each location. One of the governing factors in the allotment of public married quarters is the number of children in the family. Therefore, there are school-age children from practically all of the married quarters. The services educational accommodation requirements are based on an average of 1.4 school-age children per public married housing unit.

Appendix "A" gives a list of Department of National Defence schools now occupied, the present school population and the number of units in approved married quarters programme at each location.

Additional school facilities approved but not yet constructed are set out in Appendix "B".

Temporary school facilities are provided in areas where no civilian facilities are available and where it is possible to convert an existing building to this purpose. If the facility becomes inadequate to meet the requirement it would be replaced by a permanent structure.

In other cases where the local conditions make such an arrangement desirable, an appropriate contribution is made to the costs of extending and/or maintaining the facilities of existing civilian schools, to enable the latter to look after the service requirements in the area. The municipality guarantees to accommodate a specified number of service dependents.

It is the policy to utilize civilian high school facilities wherever possible. The requirement is relatively small due mainly to the fact that the majority of the service school population is of the public school age. In isolated units at Goose Bay, Fort Churchill, Rivers and Namao, however, combined grade schools and high schools have been constructed.

In accordance with normal practice for provincial schools, auditoriums are provided for Stage III and IV schools of 14 class-rooms and over. They are used for gymnasium purposes, general assemblies and, since in all cases, they are constructed in permanent married quarters areas, they provide community centre facilities. Equipment includes projection room, stage and basketball lay-outs. No permanent seating facilities are provided and folding chairs are used.

The overall size including main auditorium, stage, balcony and related facilities, is 10,500 sq. ft. The seating capacity for the main auditorium is 750 and for the balcony 150, making a total of 900.

APPENDIX "A"

Permanent Schools—Occupied
Excluding Classified Establishments

NAVY

Location	Type	Students	PMQs and TMQs Approved	Remarks
Dartmouth, N.S.	10 Room	269	416	
Esquimalt, B.C.	18 Room with auditorium	442	597	
Tufts Cove (Halifax, N.S.)	18 Room with auditorium	396	551	

ARMY

Barriefield, Ont.	18 Room with auditorium	623	623	
Calgary, Alta.	18 Room with auditorium	478	567	
Camp Borden, Ont.	18 Room with auditorium	756	677	
Churchill, Man.	10 Room with auditorium	254	292	Also used as high school
Petawawa, Ont.	18 Room with auditorium	561	718	
Picton, Ont.	6 Room with auditorium	177	201	
Shilo, Man.	18 Room with auditorium	484	548	

RCAF

Bagotville, Que. (R.C.)	4 Room	51		
Bagotville, Que. (Prot.)	5 Room	73	220	
Centralia, Ont.	14 Room with auditorium	372	362	
Chatham, N.B.	10 Room	245	265	
Clinton, Ont.	6 Room	166	145	
Camp Borden, Ont.	10 Room*	336	222	
Claresholm, Alta.	6 Room	60	190	
Gimli, Man.	6 Room	157	194	
Goose Bay, Lab.	10 Room	290	242	Also used as high school
Greenwood, N.S.	18 Room with auditorium	404	480	
MacDonald, Man.	6 Room	119	190	
Namoo, Alta.	18 Room with auditorium	382	400	Also used as high school
North Bay, Ont.	6 Room	170	230	
Portage la Prairie, Man.	6 Room	26	188	
Rivers, Man.	14 Room with auditorium	417	400	Also used as high school
Rockcliffe, Ont.	18 Room with auditorium	519	652	
Summerside, PEI	10 Room	308	255	
St. Hubert, Que.	6 Room (Prot.) *	177		
St. Hubert, Que.	4 Room (R.C.)*	108	254	
Trenton, Ont.	18 Room with auditorium*	731	732	
Uplands, Ont.	10 Room	89	224	

DRB

Ralston, Alta.	6 Room	146	174	
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*Also temporary facilities.

APPENDIX "B"

Grade Schools approved but not Constructed

Location	Type	Students	PMQs and TMQs Approved
Aylmer, Ont.	2 Room		66
Bonnyville, Alta.	6 Room		355
Comox, B.C.	6 Room		210
Fort Nelson, B.C.	4 Room		35
Moose Jaw, Sask.	6 Room		180
North Bay, Ont.	4 Room Extension		(See Appendix A)
Penhold, Alta.	6 Room		183
Saskatoon, Sask.	6 Room		162
Sea Island, B.C.	4 Room Extension to civil school		109
Trenton, Ont.	6 Room		(See Appendix A)
Winnipeg, Man.	6 Room		106

(Tabled on March 19, 1953.)

APPENDIX No. 33

Questions by Mr. Brooks.

National Defence—Brigade Area

1. What sites were inspected in connection with the proposed brigade training area for Canadian troops?
2. What are the names of the persons who made the inspections?
3. Has a report been made in each case to the Department of National Defence?
4. If so, will the report be made public?

Mr. Blanchette:

1. With the expansion of the Canadian Army, since the beginning of hostilities in Korea in June, 1950, and the contribution of the Canadian forces for the defence of Western Europe under the North Atlantic Treaty. It has become increasingly necessary to have an area in Canada large enough to permit the training in active service operations of a Brigade and even larger formations. If possible, this area should be on the Atlantic seaboard so that it could be used for mobilization, final training and embarkation of formations that might be sent overseas to take their places in the forces of the North Atlantic Treaty Organization to prevent or stop aggression. Such an area should be located in a place where the climate permits training all the year round and where the ground has the characteristics that might be found in Western Europe, with roads and other physical features permitting the employment of armoured and other vehicles and artillery and other weapons. Using existing information and also the results of new examinations, sites were looked at in various parts of Canada but particularly in the maritime provinces, including areas in the neighbourhood of Guysborough, Annapolis and Lunenburg in Nova Scotia, Tracadie, Sussex, Utopia and Gagetown in New Brunswick.

2. These inspections were made by officers of the Canadian army and officials of the Department of National Defence.

3 and 4. The reports which were made to the Department of National Defence were intended for the confidential advice and action which resulted in the selection of camp Gagetown as having more of the desired characteristics than any other area and also as involving the displacement of less persons than any comparable area. In accordance with the established practice they will not be made public.

(Tabled in House on January 28, 1953.)

March 19, 1953.

APPENDIX No. 34

PRESS RELEASE

(Statement by Hon. Brooke Claxton, Minister of National Defence)

Increase in the size of the Canadian Army, together with the need to provide in Canada for training to the standard of full battle fitness has made it necessary to have a training area large enough to train major formations using modern weapons with their increasing ranges and safety areas. Such an area should be located in a place where the snowfall and temperature permit training throughout most of the year. Preferably, it should be located on the east coast and close to a major port.

Representations have been received from many quarters urging that the training area should be established in a number of different places in the Maritime provinces.

Extended surveys have been carried out both from the air and on the ground. These showed beyond question that the area having the most advantages which, having regard to these, could be acquired with the least dislocation of existing population and at the lowest cost, was an area measuring some 20 by 30 miles to the northwest of Saint John, New Brunswick. This area is situated in the two Counties of Queens and Sunbury and lies west of the River Road (Highway No. 2). The approximate boundary on the west from a point north of Welsford will be the Canadian Pacific Railway, the highway from Blissville to Geary and from Geary to Oromocto.

Discussions have taken place with the Premier of the Province of New Brunswick who has urged for some time that the area should be located in New Brunswick as he felt that a major defence project should be established in that province.

The area chosen includes parts of the parishes of Petersville, Blissville, Hampstead, Burton and Gagetown. Settlements along the Saint John River such as Oromocto, Burton, Upper Gagetown, Gagetown, Lower Gagetown, Elm Hill, Queenstown, Central Hampstead, Hampstead and Evandale will not be affected. Geary and Welsford will also be excluded.

At an earlier stage, consideration had been given to the incorporation into the area of portions of Westfield and Greenwich parishes in King's County to serve as the location of the campsite. Subsequent surveys showed that the nature of this territory would make for a rather expensive development in that location and add materially to the operating costs. Many factors enter into the choice of the campsite and the matter requires further intensive study.

The precise boundaries have not yet been determined but in many cases the families affected would not be required to move for some time. Development will proceed progressively in planned stages during which every consideration will be given to local municipal authorities and to residents who will be given reasonable time to re-locate themselves elsewhere.

Even in the case of the campsite, the location of which has not yet been determined, occupancy of the properties taken will be allowed until the commencement of the building season in 1953. In the principal part of the training area, continued occupancy will be possible at least until the autumn of 1953. In the area between the Broad Road running from Geary to Welsford and the C.P.R. occupants will be given an even longer time to move.

It is estimated that the total cost of the development, including acquisition of land and construction of buildings and services, will exceed twenty-five million dollars. Construction will involve employment on a large scale. It is expected that the permanent camp population, including civilian employees, will exceed three thousand with many thousands more using it during periods of training. The development will be a major source of continuing employment and expenditure in the Province.

Factors taken into consideration in selecting the site include:

1. The ground is tactically suitable, resembling that found in parts of north west Europe and permitting the use of tracked and wheeled vehicles over a considerable portion.
2. The climate is such that field training can be carried on in all seasons.
3. The area is served by good communications and is well located for the concentration of troops prior to movement abroad.
4. The area is relatively sparsely populated.

It will take between two and three years to complete accommodation so that a brigade can train in winter as well as in summer and to provide facilities for divisional training throughout the year in emergency-type accommodation.

The Department of National Defence will be establishing a temporary office in the old Customs Building in Fredericton to handle purchase of this property which will start within the next two weeks.

(Issued by the Directorate of Public Relations, Army, for release at 10:00 A.M., Eastern Daylight Time, Friday, August 1, 1952).

(Tabled on March 19, 1953).

Canada, Defence Expenditure
Special Committee on, 1952/53

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Materials

(HOUSE OF COMMONS)

Seventh Session—Twenty-first Parliament

1952-53)

(SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

and
reports

TUESDAY, MARCH 24, 1953

WITNESS:

Mr. R. G. Johnson, President and General Manager, Defence Construction
(1951) Limited.

LIBRARY

CORRIGENDUM

In *Appendix No. 29*, page 406, No. 14 of the Minutes of Proceedings and Evidence of Tuesday, March 17, 1953, insert the figure 339 opposite Station Fort Churchill.

MINUTES OF PROCEEDINGS

TUESDAY, March 24, 1953.

(18)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Blanchette, Boisvert, Croll, Decore, Dickey, Fleming, Harkness, Henderson, Herridge, James, Jutras, Larson, McIlraith, Pearkes, Power, Thomas and Wright.—19.

In attendance: Messrs. R. G. Johnson, President and General Manager, J. Kendall, Chief, Building and Maintenance, C. Maxwell, Assistant Chief Engineer, Defence Construction (1951) Limited; Messrs. H. A. Davis and W. R. Wright, Department of National Defence.

The Chairman made a correction in an answer tabled on March 17 which is printed in No. 14 as appendix No. 29. (*See corrigendum*).

He tabled answers to questions by Messrs. Thomas and Harkness as well as a memorandum relating to land required for R.C.A.F. Air Weapons Range, at Cold Lake and Primrose Lake.

Ordered—That the above answers be printed as appendices. (*See appendices Nos. 35 to 37 inclusive to this day's evidence*).

The Chairman tabled a notice of two questions by Mr. Fulton in connection with contracts, etc., and Mr. Fleming added two questions with respect to the same subject. He also tabled a notice of questions by Mr. Decore relating to R.C.A.F. station at Penhold. (*For these notices of questions see pages immediately following*).

Mr. R. G. Johnson was called. He read a statement outlining the scope and progress of the Defence Construction program administered by Defence Construction (1951) Limited. Copies of this statement had been distributed to the members in advance, together with a table on construction contracts from November 22, 1950 to December 31, 1952.

The above table was ordered incorporated in the record.

The witness was examined.

At 12.55 o'clock p.m., the Committee adjourned to meet again on Thursday March 26, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

NOTICES OF QUESTIONS

By Mr. Fulton:

1. A detailed list, giving date of contract and name of contractor in each case, of all construction contracts covered in the period under review, which have been let on

(a) a cost plus basis; or

(b) a firm price basis but without calling for tenders, with a statement of the location and subject matter of the contract in each case and of the amount paid or to be paid for the fixed fee portion in each case and, where applicable and available, the initial agreed or estimated cost and the final cost; and a detailed explanation of why that method of letting the contract was followed in each case.

2. A detailed list of all construction contracts covered in the period under review which, subsequent to conclusion of the initial contract or agreement, have been re-negotiated or altered in any way so that the total cost has been varied by \$1000 or more, with a statement of the effect of and reason for the alteration, and of the increase or decrease in cost in each case, and whether the alteration and re-negotiation was requested by the contractor or by the Government.

(Note: In both these questions the words "construction contracts" refer to contracts for erection, construction, alteration, modification or improvement of buildings, air fields, and all other types of Defence installations or portions thereof, save only those which must necessarily be excluded for genuine security reasons.)

Tabled on March 24, 1953.

By Mr. Fleming:

Re: Cold Lake Site

1. The number of owners from whom the property had been purchased.
2. For how long had the person from whom the property was purchased or acquired owned the property?

(March 24, 1953).

By Mr. Decore:

Re: R.C.A.F. Station at Penhold, Alta.

1. General Activities of Station:

- (a) Nature of activities during World War II.
- (b) Nature of activities on conclusion of World War II.
- (c) Nature of present activities.

2. Construction program—Since Commencement 1951:

- (a) Detailed list of building construction supply contracts or other works where contractors are engaged.
- (b) Names of contractors so engaged.
- (c) Amount of money involved in such contracts.
- (d) Value of the work completed under contracts to date.
- (e) Is the contract work according to schedule? If not, what are the reasons for the delay.
- (f) Were there any "speed-up" operations, and if so, the cost involved.

3. Was there any intention to occupy the Station early in 1952, and, if so, what steps were taken.

4. Give particulars in connection with the cost of construction and other relevant facts concerning:

- (a) Water and sewer distribution system.
- (b) Ground Instructional School.
- (c) Officers' Mess and Trainees' Mess.
- (d) Central Heating Plant.
- (e) Underground Steam Distribution System.
- (f) Construction of Headquarters Building.

5. Give particulars concerning installations or construction of the following:

- (a) Bulk Fuel Storage.
- (b) Grading and Paving Roads.
- (c) Sewage Treatment Plant.
- (d) Extension of railway siding.

6. Give a list of contracts for the supply of material or equipment.

7. Miscellaneous.

- (a) What is the exact cost of installing the temporary heating system which was operated with boilers brought from New York?
- (b) What extra amounts have been paid to the prime contractor as the consequence of installing the temporary heating system.
- (c) What is involved in the establishment of an overhead heating system which it is said has never been used, and which presumably will never be used as it is intended to have a central underground heating system.
- (d) Were newly constructed roads already completed and ready for paving cut criss-cross for the purpose of installing the water, steam and sewage system? If so, give reasons.
- (e) Were there any 48" cement culverts brought in and later replaced by 24" culverts? If so, what was the reason for the replacement.

8. Details of any R.C.A.F. or Government equipment used by contractors in carrying out their contracts. If so, what arrangements existed with such contractors.

9. With reference to lights and lighting arrangements, is there a bulk contract with the power company or are meters used?

10. What is the amount and nature of the contract with the International Water Wells concerning water supply.

EVIDENCE

March 24, 1953.

The CHAIRMAN: Gentlemen, I see a quorum.

There is one correction to Appendix 29 which was a return made to General Pearkes on March 17th dealing with permanent peacetime accommodation of new construction. On page 2, Fort Churchill, there should be the figure 339 where it is indicated there was no permanent accommodation.

I have an answer to a question by Mr. Thomas of March 17th which will be appendix No. 35.

In response to my invitation to the committee to give the witnesses some indication of the kind of information that would be required by members of the committee, Mr. Fulton and Mr. Decore have responded. Mr. Fulton has sent me a question asking for a detailed list of cost plus contracts and also with respect to alterations in contracts where the variation has been \$1,000 or more. I will put this on the record.

Mr. APPLEWHAITE: Is the information wanted for the information of the committee or newspaper interviews?

Mr. FLEMING: That should be withdrawn. It is unworthy of the gentleman.

The CHAIRMAN: This is proper information which should be provided to the member and part of it will be covered in the brief this morning. I have passed it on to Mr. Johnson to prepare a reply.

Mr. FLEMING: Mr. Chairman, I think you should say in reply to this very unfair, uncalled for and insinuating objection of Mr. Applewhaite that you asked at the last meeting that the members should indicate the questions they might ask and Mr. Fulton's questions which he has submitted to you in writing this morning comes squarely within the scope of your request given to the members last meeting. I think Mr. Applewhaite should apologize.

Mr. APPLEWHAITE: I do not consider there is any necessity to apologize unless somebody is going to apologize for using the information before this committee for the purpose of newspaper interviews.

The CHAIRMAN: I started out by saying I invited questions and as a result of that I have a request from Mr. Fulton which I have passed on for an answer. I think the questions come properly within the scope of this committee.

I have also a series of questions from Mr. Decore on the R.C.A.F. station at Penhold. They are too numerous to read. I will also put them on the record. I have passed copies on to Mr. Johnson so that he may prepare a reply in due course.

Mr. Fulton's and Mr. Decore's questions are matters that are now in the public eye. I thought we would deal with them at a very early date in order to give the committee an opportunity to question on them. After we finish with the statement and questioning today, then on Thursday, if we have the replies at that time, we may deal with them, if not at the subsequent meeting.

Mr. FLEMING: Mr. Chairman, as you know the special committee on the government owned railways is sitting this week, mornings and afternoons, and evenings and has taken a number of the members of this committee away including Mr. Fulton and Mr. Macdonnell and I do not know whether it will conclude by Thursday.

The CHAIRMAN: If they are not finished by Thursday, we will meet next Tuesday.

Mr. FLEMING: I think that committee will probably wind up this week.

The CHAIRMAN: Mr. Johnson has a statement.

Mr. FLEMING: Could I give notice of some matter that arises out of the last meeting when I asked for certain information on Cold Lake. Could I add to that?

The CHAIRMAN: The Cold lake report will reach us some time this morning. The answer to your question may be there, and if not you have given notice.

Mr. FLEMING: It would just take one second. I asked about that property at \$54 an acre and the number of owners from whom the property had been purchased. Mr. Fulton asked for the names. I would like to know in each case how long the person from whom the property was purchased or was acquired had owned the property.

The CHAIRMAN: That is not the usual thing the government would have on its files.

Mr. FLEMING: I trust the title would have been searched.

The CHAIRMAN: In the ordinary course of business you request a lawyer to search a title and he writes back and says the title is in good order. I would not think he would say who owned the property for the last 60 or 80 years.

Mr. FLEMING: If the information is not available of course I cannot get it, but it may be that abstracts of title are in the hands of their advisers.

The CHAIRMAN: Mr. Johnson has prepared a statement which will give you a considerable amount of background material and it will make it easier for you to understand the practices and scope of the construction undertaking. Please let Mr. Johnson finish his statement. Mr. Johnson, please give your name and your position.

The WITNESS: My name is R. G. Johnson, I am president of Defence Construction (1951) Limited.

Mr. R. G. Johnson, President of Defence Construction (1951) Limited, called:

The WITNESS: Gentlemen, your chairman has suggested that it would be helpful if I made a statement outlining the scope and progress of the defence construction program administered by Defence Construction (1951) Limited, together with some remarks on the organization and procedure that has been adopted, as well as some of the difficulties that have been faced.

1. Program under administration of Defence Construction (1951) Limited

(a) *Establishment of Defence Construction Limited*—It will be recalled that in the fall of 1950 the upsurge of defence procurement placed a heavy burden on Canadian Commercial Corporation which at that time was also responsible for meeting the Department of National Defence construction requirements. In order to lighten that burden and to provide a suitable government agency concerned only with the defence construction program, Defence Construction Limited was established in November, 1950. At that time reporting to the Minister of Trade and Commerce, Defence Construction Limited has reported to the Minister of Defence Production since that department was established in April, 1951.

In November, 1950, Defence Construction Limited took over from Canadian Commercial Corporation the administration of all contracts for new military construction, those for maintenance remaining with Canadian Commercial

Corporation. As a result, Defence Construction Limited commenced its operations with 123 construction contracts valued at \$43·2 million. To December 31, 1952, a period of 25 months, this program has grown to 894 construction contracts, having a total value of \$375·8 million.

(b) *Building Maintenance*—Sometime later it was decided to make Defence Construction (1951) Limited responsible for building maintenance contracts over \$10,000. Therefore, in June, 1952, the building maintenance section of the general purchasing branch of the Department of Defence Production was transferred to Defence Construction (1951) Limited. This section let contracts in 1952 to the total value of \$11,344,639. This involved 151 contracts, largely for the maintenance, repair and remodelling of D.N.D. property. This section has also the responsibility for purchasing pre-fabricated buildings required by the armed services.

(c) *Capital Assistance*—Defence Construction (1951) Limited is also charged with the responsibility for over-all supervision of construction being carried out under capital assistance arranged through the production divisions of the Department of Defence Production. On-site inspection and supervision is carried out by private engineering and architectural firms employed by the production contractors, but regular visits to the sites are made by D.C.L. engineers, who certify all progress claims. As at February 16, 1953, this involved supervision of 16 construction contracts, having a total value of approximately \$42·9 million.

(d) *European Operations*—The director of European operations of D.C.L. acts as its representative in connection with arrangements for the construction of the Royal Canadian Air Force requirements in Europe under The North Atlantic Treaty Organization. All work in connection with this part of the program has been carried out in co-operation with the government of France, whose appropriate authorities let the construction contracts to French contractors. The work is carried out in accordance with Royal Canadian Air Force specifications, our director of European operations participating in arrangements for tender calls and concurring in the award of contracts, all of which have been let on a firm price basis as a result of competitive tenders. Up to December 31, 1952, contracts have been authorized to the total value of \$5·8 million. Progress of construction has been good, permitting a Royal Canadian Air Force wing to be accommodated at the airfield at Gros Tenquin in October, 1952.

(e) *Scope of New Military Construction Program in Canada*—From November 22, 1950 to December 31, 1952, Defence Construction (1951) Limited received from the Department of National Defence 717 requests for new military construction valued at \$344·1¹ million. In addition, we received from that department 479 requests for contracts for design, supervision, and related services valued at \$11·7 million. The responsibility for design of defence projects rests with the Department of National Defence, but when that department does not have design personnel available, D.C.L. engages architects and engineers to prepare designs in accordance with Department of National Defence requirements.

Thus the total program of new military construction in Canada, for which we have been responsible to December 31, 1952, involves 894 construction contracts for a total of 1,270 buildings or other works. These are located at 172 sites and are valued at \$375·8 million. There are also 533 contracts with consulting engineers, architects, surveyors, testing, inspection and expediting companies, etc., for design, supervision, surveys, soil testing and miscellaneous related services having a total value of \$13·7 million.

(1) including \$11·5 million in process and not awarded at Dec. 31, 1952.

Mr. Chairman, I have with me a table showing the scope of this program by services and regions which if the Committee so desired might be incorporated in the record (Table "A"). (See end of statement for Table).

In addition to our responsibility for Canadian military construction, we have negotiated and supervised a number of projects being constructed for the account of the government of the United States of America. These contracts, which are all on a cost plus fixed fee basis, are now approximately 90 per cent complete.

II. Organization and Procedure

(a) *Responsibilities of Department of National Defence and Defence Construction (1951) Limited*—The delineation of responsibility between the Department of National Defence and Defence Construction (1951) Limited is clear. The department is responsible for laying down the physical requirements of construction for providing the land and for providing D. C. L. with complete plans and specification, as well as raising a financial encumbrance to ensure that funds are available from which payments can be made. It is the responsibility of Defence Construction (1951) Limited to obtain tenders when possible and decide whether or not a contract should be recommended to the Minister of Defence Production. Authority to enter into contracts is given by Treasury Board on the recommendation of the Minister of Defence Production. The contracts are written between the contractor and Defence Construction (1951) Limited. D. C. L. is responsible for the administration of the contract, the supervision of the work, and the certification of contractors' claims for payment. The treasury office of D. C. L. is responsible for making payment of accounts. The Department of National Defence does not have any dealings with the contractor nor any responsibility for construction until the work, completed in accordance with the plans and specifications, is turned over to the Department of Defence Construction (1951) Limited. However, the services do have inspection teams which visit projects and examine the work during the course of construction. Any comment or criticism which they may have is taken up with us; not directly with the contractors.

To the extent that changes in design or specification are required in the course of construction, either by reason of a deficiency in the original design or by reason of a change in the requirements of the Department of National Defence, the extent and nature of the change and the cost of carrying it out must be approved by the Department of National Defence before the contractor is authorized to implement the change. If such extra work involves an expenditure of over \$25,000, if negotiated, or over \$50,000, if competitive bids are received the basis of letting the extra work is recommended to the Minister of Defence Production who advises Treasury Board of his recommendation. Treasury Board authority is required before the letting of the work.

Cost controls are exercised at several levels. The over-all program of the Department of National Defence is approved by parliament. The Treasury Board must approve the provision of funds to cover expenditures for each major project in the over-all program. This is done on the basis of an estimate prepared by the Department of National Defence. While a job is out to tender, another estimate is prepared for D.C.L. by a qualified estimating staff in the head office of Central Mortgage and Housing Corporation. This estimate is referred to the Department of National Defence. If upon the receipt of tenders, the low tender is more than 15 per cent over the Defence Construction (1951) Limited estimate, we consult with the Department of National Defence before recommending an award.

The Treasury Board in considering recommendations of the Minister of Defence Production for approval of proposed contracts has a further opportunity to examine the expenditure.

(b) *Central Mortgage and Housing Corporation*—The Administration Agency for Defence Construction (1951) Limited on new construction—When Defence Construction (1951) Limited was established the government decided that the defence construction program was of a kind and size that required a large decentralized construction organization, particularly from the standpoint of supervision. To a great extent such an organization already existed in Central Mortgage and Housing Corporation which was then handling, in addition to civilian housing, the construction of schools and married quarters for the Department of National Defence. Rather than duplicate the corporation's organization within D.C.L., it was considered expedient to enlarge it to handle the total program and arrange an agency agreement with Central Mortgage and Housing Corporation to handle certain functions of Defence Construction (1951) Limited.

Under the Agreement between Central Mortgage and Housing Corporation and Defence Construction (1951) Limited, the corporation undertakes to act for D.C.L. in the following matters:

- (a) Preparing estimates of the cost of buildings and other works for which contracts are requested.
- (b) Calling, receiving and opening tenders.
- (c) Distribution of plans and specifications, and drawing of contracts.
- (d) Administration of contracts, including
 - (i) On-site and general supervision.
 - (ii) Checking and recommending contractors' progress claims.
 - (iii) Assistance to contractors in maintaining a satisfactory flow of materials to the site.
 - (iv) Security on site.
- (e) Maintaining statistical records of the operations of Defence Construction (1951) Limited.

Extensions or change orders to construction contracts are negotiated by Central Mortgage and Housing Corporation, and, if the amount is in excess of \$25,000, it is referred to us with a request for authority to proceed. If the amount is less than \$25,000, the change order may be issued by Central Mortgage and Housing Corporation without reference to D.C.L.

Briefly the arrangement is that Defence Construction (1951) Limited is responsible to the Minister of Defence Production for the defence construction program. Defence Construction (1951) Limited deals with the Department of National Defence in financial matters and the overall program. At the request of the Department of National Defence it employs architects and engineers for the preparation of plans and specifications. It deals with the Department of National Defence in all engineering and technical matters up to the time of tender call. Defence Construction (1951) Limited negotiates all contracts with consultants for design requested by the Department of National Defence and any construction contracts which are not the subject of public competitive tender. For each proposed contract over \$50,000, and for each change order in excess of \$25,000, Defence Construction (1951) Limited makes a recommendation to the Minister of Defence Production who submits his recommendation to Treasury Board whose authority is required before letting of the work.

(c) *Tender call policy*—publicly advertised competitive firm price tenders—From the outset of the operations of D.C.L., the instructions were that except where there was absolutely no alternative, work would be carried out on the basis of publicly advertised competitive firm price tenders. Tenderers were advised that no escalator clauses would be allowed. This policy has been followed rigidly, with the result that the work has been carried out on the most economic basis possible.

Exceptions to the firm price competitive tender are kept to a minimum. These exceptions include:

- (1) Contracts which are subject to strict security.
- (2) Extreme military urgency.
- (3) The necessity of commencing construction before plans and specifications are available for the entire project.
- (4) Remoteness of the location making it impossible to obtain reasonable firm prices.
- (5) Works involving extensive alterations to existing structures, which make it impossible to estimate the cost with reasonable accuracy.
- (6) Non-profit contracts which under normal commercial practice are carried out by public utilities on a cost basis—e.g., power facilities, railroad sidings and similar services.

In those cases where it has been absolutely necessary to enter into a cost plus type of contract, we have avoided the cost plus percentage fee basis and have confined ourselves to the cost plus fixed fee type of contract which does not offer any incentive to the contractor to increase the cost of the work.

In addition, strict supervisory engineering and cost controls are exercised to keep the contractors cost conscious and to ensure that public funds are expended with a maximum of efficiency and economy.

These controls include:

- (1) Care in the selection of the consulting engineer for design and also for supervision in those cases where the consultant is retained for that purpose.
- (2) Design must be carried out in accordance with the design standards of D.N.D., which standards also are subject to approval by Treasury Board.

- (3) Care in the selection of contractors of experience and integrity.

(4) Contract terms call for competitive tenders to be obtained by the general contractor before awarding contracts for major items of material or major sub-contracts such as plumbing, heating, electrical work, etc. Wherever possible these must be on a firm price basis and are subject to the approval of the supervising agencies i.e., the consultant and C.M.H.C. Salaries of contractors' employees such as engineers, superintendents, and foremen are subject to approval by the supervising agencies.

(5) It is the function of the consultant or C.M.H.C., as supervising engineer, to maintain close control on the activities of the contractor, including receipt and use of materials, the economic use of labour and equipment, and to satisfy themselves that the work is being carried out with good workmanship and good materials.

(6) Further control is exercised through the cost inspection and audit division of the office of the comptroller of the treasury which maintains a full time representative on the site for the purpose of checking receipt of materials, invoices and payrolls, which have also been subject to check by the supervisory engineer on the job. These accounts are further reviewed in the regional office of C.M.H.C. and in the head office of C.I.A.D. before payments are made.

Very few contracts on a cost plus fixed fee basis have been awarded. The major awards have been in connection with projects which are subject to strict security, not only because of such security, but because of military urgency which dictated work proceeding as plans and specifications were developed and also in most such cases because of the location of the work.

Apart from this special program, in the period between November 22, 1950 and December 31, 1952, D.C.L. has awarded only 7 new cost plus fixed fee contracts, and extended 4 contracts awarded before November 22,

1950 to include additional work. These 7 contracts and 4 extensions represent less than 1 per cent of the number of contracts awarded and 5.88 per cent of their value.

(d) *Tender call procedure*—As requests for contracts are made of D.C.L. by the Department of National Defence they are passed directly to C.M.H.C. head office. As soon as complete plans and specifications, and advice that funds are available in the amount of Department of National Defence's estimate of cost, are received by the corporation the plans and specifications are forwarded to the appropriate regional office with instructions to call tenders as quickly as possible. The use of these regional office facilities, which are located at Halifax, Montreal, Toronto, Winnipeg and Vancouver speeds up the processing of tender calls. While the tender call is out, an independent estimate of the cost is made by the corporation's head office estimating staff. Immediately the tender call closes the tenders are opened by a committee in the corporation's regional office. A report of that meeting, together with the original tenders, is forwarded to the head office of the corporation with a recommendation as to which bidder should be awarded the contract. The tenders are reviewed by the corporation's construction staff in Ottawa and passed to D.C.L. with their recommendation. After reviewing the tender documents, and considering the opinion of C.M.H.C., D.C.L. decides what recommendation to make to the minister regarding a contract award.

If authority is received from the Treasury Board to enter into a contract, the corporation by telegram directs its regional office to telegraph advice of the award to the successful bidder. This is followed by a written acceptance of the contractor's tender. Unsuccessful bidders are notified of the award and the amounts of the bids received. A formal contract is then drawn between the contractor and Defence Construction (1951) Limited.

(e) *Supervision of New Construction*—Central Mortgage and Housing Corporation makes arrangements for on-site supervision of the contract. Generally this supervision is carried out by corporation staff. If in the opinion of the corporation, inspection by a consulting architect or engineer is required they enter into a contract with the consultant of their choice. A consultant is engaged for supervision, only if the nature of the project is highly technical and it is considered that an inspection staff of specialists is required. Under such circumstances it is preferable that supervision be entrusted to the consultant that did the design work.

Mr. Chairman, I thought it might be of interest to the committee if, at this point, I included a few facts and figures I obtained from the corporation about their staff and organization for the work they are doing on our account.

In each regional office the corporation has a senior engineer who is responsible for the corporation's construction operations in his region. The regional engineer is assisted by area engineers who are responsible to him for direction and supervision of the on-site engineers and inspectors on projects within the region.

C.M.H.C. staff wholly engaged on Defence Construction (1951) Limited operations is 562. In addition 351 employees are engaged partly on D.C.L. work and partly on other corporation work. Of those full time on Defence Construction (1951) Limited work, 91 are employed at head office and 471 in the regional and on-site operations. The field engineering and inspection staff of Central Mortgage includes 350 men engaged wholly on Defence Construction (1951) Limited contracts. Of these, 153 are qualified engineers and 197 experienced practical builders.

Since Central Mortgage and Housing Corporation took over the administration of contracts on our behalf they have built their field construction staff for this program from 42 persons on December 31, 1950 to 364 on December 31,

1952. Well over 85 per cent of this staff are technical employees, engineers, building inspectors, surveyors, architects, draughtsmen, etc. The market for qualified experienced construction staff has been extremely competitive and I believe the corporation has done a remarkable job in building up their field staff to meet the needs of the defence construction program. Construction people are somewhat nomadic and there is generally a high turnover among a staff of this nature. The corporation's experience has been along these lines—of the 560 odd persons employed by C.M.H.C. for on-site work in the years 1951 and 1952, 199 have left the corporation. Of these 50, or 25 per cent of the separations were initiated by the corporation because of unsuitability of one nature or another.

Our arrangement with Central Mortgage and Housing Corporation provides for payment by Defence Construction (1951) Limited to cover the corporation's expenses in administering work for D.C.L. The payment is a monthly fee of 150 per cent of the actual salaries paid by C.M.H.C. to employees engaged on D.C.L. work, plus payments by C.M.H.C. to consultants. The 50 per cent over and above salaries paid is to reimburse the corporation for operating and overhead costs in respect of their operation on our account. For the calendar year 1952 the total fee or amount paid by Defence Construction (1951) Limited to Central Mortgage and Housing Corporation amounted to \$3,234,481.00. This amounts to only 2.25 per cent of the value of work put in place on works supervised by corporation staff during that period. A normal rate for consultant's supervisory service is 2 per cent of the value of the construction work plus on-site salaries and travelling expenses. Our payments to Central Mortgage and Housing Corporation in respect of on-site supervision by consultants in 1952 were \$481,000.

(f) *Contractors Accounts*—Mr. Chairman I think it might be desirable if I were to explain the payment procedures which are applicable under our contracts, and the steps which are taken to ensure that the work has been carried out in accordance with the terms of the contract and that the Crown has received full value for its money.

I. *Firm Price Contracts*

(a) *Payment of Contractors Accounts*—As soon as a contract is awarded the contractor furnishes the regional engineer of C.M.H.C. with a breakdown of the contract sum by the various phases of construction. The list of phases, 22 in the case of building contracts, corresponds to the breakdown by trades listed in the progress claim forms and in the corporations physical progress reports.

Contractors prepare their progress claims, requesting payment for their estimate of the value of work completed. These claims forms, signed by the contractor are passed to the resident engineer together with a sworn declaration that:

(1) The requirements of the contract in regard to wages and labour conditions have been met, and

(2) That all sub-contractors, labour, and accounts for material entering into the work covered by previous claims have been paid.

The resident engineer checks the contractor's claim against the progress of the work. He then sets down on the claim, his estimate of the percentage completed in each phase of the work. The resident engineer in his estimate does not include any work which in his opinion is not satisfactory—and the actual payment is governed by the resident engineer's estimate not the contractor's.

The resident engineer then completes a progress certificate in which he certifies that the work has been carried out as represented by the claim. This certificate, with the progress claim, is forwarded to the regional office. The claim is checked in the regional office and if satisfactory it is recommended

by the regional construction engineer for payment, and passed to the corporation's head office. The accounting division of Central Mortgage rechecks the claim before passing it to the treasury officer of D.C.L. for final check and payment. All cheques are prepared and released to the contractor by the treasury officer.

The date the claim is received and passed on at each stage of processing is recorded on a routing slip with a written explanation of any delays of 72 hours or more. A careful watch is kept over the processing of contractor's claims and we are quite proud of the promptness with which these payments are made.

In the month of January, 304 claims were received at the head office of C.M.H.C. The average time, from the completion of the claim by the contractor, until his cheque was mailed, for all 304 claims was 12.1 days, including Saturdays and Sundays. The average of all claims received in the past six months was 10.3 days. Mr. Chairman, I want to stress that this includes all claims on firm price contracts from coast to coast, even those on which there has been some disagreement with the contractor about the amount to be paid.

(b) *Security Deposits and Holdbacks*—Each contractor who bids on a D.C.L. tender call is required to post a security deposit as evidence of good faith. The security deposit required is 10 per cent of the first \$500,000 of the amount of the tender and 5 per cent of the amount of the tender in excess of \$500,000—for example on a bid of \$750,000 the security deposit would be \$62,500. The security deposit may be in the form of a certified cheque or negotiable Dominion of Canada bonds. A holdback of 10 per cent is retained from each progress payment made to the contractor until the total of the security deposit and the holdback equals 15 per cent of the contract sum.

When a contractor feels that he has completed the work in accordance with his contract he requests the resident engineer to make a final inspection and arrange to take over the completed work. If the resident agrees that the work is complete he arranges with the appropriate service for a joint inspection by representatives of the service and himself. Any deficiencies found in the course of this inspection are listed on the handing-over certificate and the contractor instructed to make these good. When the work has been accepted by the service and all deficiencies remedied a final certificate is prepared on which the regional engineer certifies that the work has been completed and the date it was completed. The contractor furnishes him with a statutory declaration that all sub-contractors, labour, and accounts for materials entering into the job have been paid and, and all assessments for unemployment insurance, workmen's compensation etc. have been paid. This declaration also includes a list of all sub-contractors employed on the contract. A similar declaration is required from each sub-contractor. The completed certificate, with these declarations, and a recommendation that the security deposit and holdback be released to the contractor is forwarded to the head office of C.M.H.C. These moneys are paid to the contractor 31 days after the work was completed.

II. *Other Contracts*

(a) *Cost Plus Fixed Fee Contracts*—Payments on cost plus fixed fee contracts are reimbursements to the contractor of payments made by him in carrying out the work. On each such project there is a resident engineer and a resident representative of the cost inspection and audit division of the office of the comptroller of the Treasury. The resident cost auditor makes a continuous cost audit of the contractor's books and records. Each progress claim must be supported by payrolls and vouchers. The claim is delivered to the resident engineer who certifies what work has been performed, and what materials are on the site, and what labour was employed on the project in the period covered

by the claim. It is then passed to the resident cost auditor who certifies as to the accuracy of the claim. The auditor forwards the claim with the report of his audit to the district office of the C.I.A.D. to be passed on to the regional office of C.M.H.C. The regional construction engineer reviews the claim, recommends it for payment, and sends it to the head office of the C.I.A.D. for a final review and payment by the Treasury officer.

(b) Consultants' Contracts—Design—Under the terms of contracts for design work, the consultant is to be paid a fee of a percentage of the actual cost of construction. At the time the design is completed, he may claim payment of up to 90 per cent of the fee calculated on the estimated cost of construction. When the actual cost of construction has been determined the balance of the fee is paid. Claims on contracts for design are submitted to the Department of National Defence for certification of performance before payment is made.

(c) Consultants' Contracts—Supervision, Inspection etcetera—Contracts for this type of work are occasionally on a lump sum basis, in which case the contract sum is paid on the completion of the work. Usually they provide for payment of a fee based on a percentage of the cost of the construction work, plus out of pocket expenses for field staff, living, and travelling expenses. Progress claims on this type of contract are handled in the same manner as claims on cost plus fixed fee contracts. The cost auditor certifies on the claim, the attendance of on-site staff, living and travelling expenses, and the portion of fee payable based on the actual cost of construction in place.

(g) Change Orders—Changes in the value of contracts whether upwards or downwards are covered by what we call a "change order". The term "extra" has often been used in the construction industry to refer to what are more properly described as change orders or amendments to contracts. Since it is important to have a clear understanding of how increases and decreases in the contract value take place I would like to make a few remarks on this subject.

A change order is really an amendment to a contract to give effect either to a change in the scope of the work or a change in the condition under which it was understood that the work would be carried out. An example of the former would be the addition of a wing to a building and of the latter would be a request to work overtime in order to meet an accelerated completion date for a building.

In the defence construction program the larger change orders are related principally to those cases where there has been a substantial increase in the scope of the work. Thus in some cases reference to a particular contract might show that the final value was considerably greater than the original contract value. An examination of the change orders would show that the contractor had been asked to carry out much more work than originally contemplated. Considering the magnitude of the program, difficulties of planning, and the urgency of getting projects underway there has not been a large dollar volume of change orders.

Change orders fall into 7 main groups:

1. Quantity Changes—Certain classes of work such as excavation, pipe laying, road surfacing, etcetera are performed on the basis of tendering firm unit prices for estimated quantities or work. The understanding is that if there is any increase or decrease in the actual quantities as against the estimated quantities the contractor will be paid for the actual quantity at the unit price bid. For example, a contractor bids to install an estimated quantity of 1,000 feet of 6 inch cast iron pipe at a unit price of \$5 per foot. The contract is for \$5,000. He actually installs 1,050 feet and he is therefore paid \$5,250.

2. Engineering Changes—In calling tenders for building construction it is common practice to require bidders to quote firm unit prices for earth and rock excavation, concrete work, etcetera. Then if it is found that the soil conditions require a different size or depth of footing and foundation than shown on the plans the contractor is paid for the lesser or greater amount of excavation and concrete at his unit prices.

3. Minor Changes in Design or Specifications—Specifications may be changed to alter the quality of a fitting, fixture, or finish or to add some minor work not contemplated in the original specification. For example, it might be decided to have the contractor apply oil paint rather than casein paint, or to finish a wall in plaster rather than wallboard, or to substitute one fixture for another in short supply.

4. Major Changes in Plans and Specifications—Experience gained during the course of construction or actual service use of completed buildings may suggest the desirability of a change in design for greater serviceability. Such changes may be incorporated in buildings under construction. For example, in the standard 500 man mess (army) when the first building was completed it was found necessary to alter the quantity and layout of the kitchen equipment in order to serve the required number of men in the allotted time. A change in requirement may occur such as a change in aircraft design necessitating a change in a hangar door.

5. Changes in the Scope of the Work—Frequently the work to be done is substantially increased. A not unusual case would be a contract to construct a 180 man barrack block being increased to cover a 72 man extension to the building.

6. Changes in Planning and Requirements—The service may change their plans as to the use to which a particular station is to be put, or as to the layout of the buildings at the station. Thus the extension or replanning of a station may require resiting of a building. This may involve greater or less cost depending on the soil conditions and topography of the new site.

7. Changes due to Expediting Acting—There have been instances of change orders to increase a contract to pay the contractor for providing heat for winter construction or working double shift so that a job might be brought to an earlier completion.

III. Progress of the Work

(a) Problems of Planning—This large program which mushroomed so quickly, and which, in relation to a value of \$375.8 million in contract awards is nearly 70 per cent complete in the short span of 2½ years, has not been without its difficulties. These have included a lack of planning time, material shortages, labour shortages, and shortages of supervisory personnel. Just as "lead" time is required for the ordering of steel, as we all learned very forcibly during the period of severe steel shortage, so "lead" time is required for the development of a large construction program and for the planning of projects within the program. However, the Korean outbreak required the drastic cutting of "lead" time and an immediate effort to start on the construction of a program that under normal conditions would have been planned, developed and implemented over a considerable period of years. Thus plans and specifications were rushed to completion, the surveys and soil tests were carried out as plans were being prepared and, indeed, in some cases, the results of soil tests required redesign of the foundations even after the contracts had been let.

Thus military necessity over-ruled considerations which might otherwise have permitted the program to go forward under more favourable conditions.

We could not wait for the most advantageous season of the year for calling tenders—we could not wait until labour and materials were in good supply in each area where work was to be carried out—we could not consider the absorptive capacity of the construction industry in the areas concerned. The large volume of private construction in Alberta is a good example of this problem. There was not time for as thorough a study of plans and specifications and soil conditions as would have been desirable. Upon a construction industry already struggling with the largest program in its history, we imposed the additional burden of a volume equivalent to 7 per cent of all current non-residential construction. But because of the nature of our buildings, which are heavy consumers of concrete and steel, particularly reinforcing steel, the burden on the suppliers of these critical materials was much heavier than this 7 per cent would indicate. Our program took approximately 25 per cent of Canada's production of reinforcing steel in 1951 and 20 per cent in 1952.

The shortage of many types of building materials which existed between the years 1946 and 1949 had been largely met by increased production by 1950. However, this defence construction program was sufficiently large, along with a generally increasing volume, that in the year 1951, the supply situation was actually a little tighter. Steel in particular, was in short supply and held up some of our jobs for months. The supply of heavy electrical equipment was also a critical item. However, we have had good co-operation from manufacturers and suppliers. In this connection I should point out that industry has been most helpful in lending its personnel for key positions in the administration of the defence construction program and in setting up advisory committees which have been of great assistance. I might mention particularly the steel industry, the cement industry, the hardware group, the paint manufacturers, and the kitchen equipment manufacturers.

To aid contractors in obtaining materials, we have maintained an expediting staff. D.C.L. has a special section expediting structural and reinforcing steel. Wherever possible, contracts for prefabricated components such as structural and reinforcing steel, laminated trusses, and special mechanical equipment were placed ahead of the main contract. These contracts were then assigned to the prime contractor when he was selected. In this way the fabricating contractor was able to get ahead with his part of the work and the particular project was thereby hastened.

From time to time, the short supply of labour has been a problem at a number of locations. Many of the projects were located some distance from a large source of labour. In addition, the rapid expansion of the construction industry in the post-war period, resulted in dilution of supervisory staff. Good construction superintendents had been in short supply since the early years of the war and this program made the shortage even more acute.

Weather is another factor which has considerably affected progress. Although 1952 was a good construction year and the present winter, so far, has been a good one for construction, the year 1951 was very different. Throughout the prairies there was a very high rainfall and in Alberta snow fell each month except August. The freeze-up came early and a temperature of 14 degrees below zero was recorded in October.

(b) Physical Progress—As I mentioned earlier, the total value of construction contracts under our administration since November 22, 1950 is \$375.8 million. Construction on 418 of the 894 contracts has been completed. These 894 contracts involved 1270 individual buildings or services located at 172 sites. By the end of 1952, 669 buildings or other works had been completed and turned over to the Department of National Defence.

I have been furnished with some additional figures for January and February. In January and February construction was completed on a further 37 contracts, and a further 67 buildings or other works were turned over to the Department of National Defence.

The value of work put in place on all 894 contracts is \$256·2 million—some 68·2 per cent of the total value. Of the 533 contracts for architectural, engineering, and related services valued at \$13·7 million, 98 are completed and payment of 71 per cent of the estimated value has been made against the remainder.

While the contracts, including increases, extensions, etc., awarded during the year 1952 were valued at \$167·2 million, the value of work put in place was \$165·6 million; so throughout 1952 work was being completed at about the rate it was being ordered and planned. Expenditures on construction in the last 3 months of 1952 have been at the rate of \$19 million per month or \$900,000 a working day. The work yet to be done on that portion of the program for which contracts have been requested by the Department of National Defence represents only six months expenditure at this rate. I do not mean that the actual work under way will or could be, completed by this summer, but rather that our present rate of putting work in place would result in an equivalent amount of construction being carried out by that time.

Mr. Chairman, I have tried during the course of this statement to convey to the committee a general idea of the defence construction program. It is, of course, impossible in a general statement to deal with each and every aspect of our operations, but since I understand that the committee is anxious to deal particularly with certain sites, I thought such a background statement might be helpful to the committee.

TABLE A—DEFENCE CONSTRUCTION CONTRACTS*

(November 22, 1950—December 31, 1952)

Service and Region	No. of Sites	No. of Contracts	No. of Contractors	No. of Buildings or Facilities	Value of Contracts as at Nov. 22, 1950 (\$000)	Value of Contracts Awarded Nov. 22, 1950 to Dec. 31, 1952 (\$000)	Value of Work to be Awarded as at Dec. 31, 1952 (\$000)	Total Value of Work (\$000)	Value of Work Completed as at Dec. 31, 1952 (\$000)	Value of Work Outstanding as at Dec. 31, 1952 (\$000)
NAVY.....	23	97	74	117	5,576	26,257	714	32,547	19,462	13,085
Maritimes.....	7	45	20	74	2,004	15,352	575	17,931	11,002	6,929
Quebec.....	4	19	17	13	132	5,937	.....	6,069	5,527	542
Ontario.....	3	8	8	8	20	694	.....	6,714	72	642
Prairies.....	1	3	2	2	3,293	637	.....	3,930	708	3,222
British Columbia.....	7	20	16	20	127	3,516	139	3,782	2,032	1,750
Yukon.....	.....	.....	.....	.....	.....	121	.....	121	.....	.....
Northwest Territories.....	1	2	2	.....	.....	.....	.....	.....	.....	.....
Not Localized.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
ARMY.....	89	493	304	420	13,044	64,965	3,883	81,892	59,914	21,978
Maritimes.....	14	31	26	12	717	671	125	1,513	1,170	343
Quebec.....	15	69	51	36	275	5,861	.....	6,136	4,498	1,638
Ontario.....	28	183	106	96	2,444	25,100	2,715	30,259	21,876	8,383
Prairies.....	17	132	65	253	6,049	28,715	1,043	35,807	25,628	10,179
British Columbia.....	13	42	31	20	751	3,142	.....	3,893	2,981	912
Yukon.....	2	16	9	3	2,788	1,122	.....	3,910	3,609	301
Northwest Territories.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Not Localized.....	.....	20	16	.....	20	354	.....	374	152	222

* Including Consultant contracts with Defence Construction 1951 Ltd.

TABLE A—DEFENCE CONSTRUCTION CONTRACTS*
(November 22, 1950—December 31, 1952)

Service and Region	No. of Sites	No. of Contracts	No. of Contractors	No. of Buildings or Facilities	Value of Contracts as at Nov. 22, 1950 (\$000)	Value of Contracts Awarded Nov. 22, 1950 Dec. 31, 1952 (\$000)	Value of Work to be Awarded as at Dec. 31, 1952 (\$000)	Total Value of Work (\$000)	Value of Work Completed as at Dec. 31, 1952 (\$000)	Value of Work Outstanding as at Dec. 31, 1952 (\$000)
OTHER.....	6	12	11	49	.....	6,064	.....	6,064	4,823	1,241
Maritimes.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Quebec.....	4	9	8	48	.....	3,609	.....	3,609	2,518	1,091
Ontario.....	2	3	3	1	.....	2,455	.....	2,455	2,305	150
Prairies.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
British Columbia.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Yukon.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Northwest Territories.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Not localized.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
ALL SERVICES.....	190	1,427	808	1,270	45,232	344,375	11,553	401,160	265,897	135,263
Maritimes.....	29	154	94	163	5,630	40,675	1,085	47,390	29,057	18,333
Quebec.....	36	200	145	206	8,009	65,655	2,646	76,310	60,808	15,702
Ontario.....	56	475	293	293	9,329	116,243	3,826	129,398	91,828	37,574
Prairies.....	36	397	168	485	13,298	98,488	3,857	115,641	63,253	52,388
British Columbia.....	26	101	77	116	2,708	18,075	139	20,922	12,520	8,402
Yukon.....	3	18	11	7	5,461	1,583	.....	7,044	5,240	1,804
Northwest Territories.....	4	7	6	.....	661	3,051	.....	743	5,649	94
Not localized.....	.....	75	49	.....	.....	.....	.....	3,712	2,746	966

The CHAIRMAN: Mr. Johnson, I just want to say on behalf of the committee that it has been a very helpful statement.

Some Hon. MEMBERS: Hear, hear.

The CHAIRMAN: Just let Mr. Johnson catch his breath for one moment. He has had quite a go at it.

Mr. HARKNESS: Mr. Chairman, when we questioned Mr. Davis, I asked for the number of change orders which had been put into effect, and the value of these; and how much these contracts had been increased or how much they had been decreased by these change orders. I wonder if Mr. Johnson has that list now. I think the answer I got was that it would be prepared by Defence Construction Limited and Mr. Johnson would give it.

Mr. DICKEY: I think Mr. Chairman, the answer actually was that it was a matter that defence construction would have to deal with and I think it was pretty clearly indicated that it was not necessarily going to be possible to give a list of all the projects.

Mr. HARKNESS: I think Mr. Johnson could answer this. He does not need Mr. Dickey's assistance.

Mr. DICKEY: I just want to get the record clear.

The CHAIRMAN: Mr. Johnson has a memorandum on that matter with him. (See appendix No. 36.)

The WITNESS: Gentlemen, the statement which you have in front of you was intended to convey the information that was requested. It shows that on a comparison of the dollar value of the contracts as originally awarded as compared with the present value of the contracts the change orders amount to 8.82 per cent of the dollar value of the original contract awards. And the number of change orders per contract is 4.76.

By Mr. Harkness:

Q. Will you tell us whether those change orders are upward or downward? —A. They are upward. I think what this means is that the total value of the upward adjustments of these contracts is \$22 million odd.

Q. In other words these are all upward adjustments?—A. But they are accumulative. As the result of adding and subtracting additions and deductions this is the total additional amount.

Q. What this means then is that the total cost of contracts has increased 8.82 per cent as the result of change orders?

Mr. HERRIDGE: What would be the explanation for the much higher percentage of those orders in construction for the air force than any other branch? —A. I would say that the answer might very well be that the impact of this program hit the air force the hardest. It was the air force that was asked suddenly to develop their program very hurriedly and I think it reflects to some extent the haste at which plans and specifications had been prepared and construction projects commenced in the field.

Mr. FLEMING: I would like to ask one or two questions with respect to policy in general.

By Mr. Applewhaite:

Q. May I ask one question on change orders first?

From page 19 and on in the statement Mr. Johnson listed 7 basic causes for change orders. On this summary you have given us is any one of those causes preponderant? What is the greatest reason for change orders?—A. I think the answer is the greatest reason for change orders is increases in the

scope of the work, additions to projects such as additional wings and that sort of thing; the contractors have been asked to do work that was not included in the original contract.

By Mr. Fleming:

Q. What has been the general policy under which you have been working in regard to such matters as the awarding of contracts, whether cost considerations or any considerations of policy, with respect to diffusing throughout the country defence contracts?—A. Location of construction projects is a military decision. Buildings are built where the Department of National Defence advises they are required. We do not take part in the decision as to where buildings are to be constructed.

Q. Then, the department having taken the responsibility for deciding where the particular structure shall be located—I am thinking about awarding of the contract—has there been any factor except in the case of cost you mentioned being considered; has there been any consideration given to the benefit of diffusing throughout the country the awarding of contracts?

The CHAIRMAN: Mr. Fleming is asking in effect this: If you were doing a job, let us say in Alberta, would you be inclined to favour the Alberta contractor rather than the contractor from Ontario?

Mr. FLEMING: I think you remember, Mr. Chairman, a similar question in the Public Accounts Committee two years ago as to whether cost was the dominating factor or whether there was any policy that was designed to spread the awarding of contracts over the country.

Mr. DICKEY: That was in connection with production and procurement contracts.

By Mr. Fleming:

Q. I am asking if there was a similar consideration applied here.—A. As I indicated the locations are determined by military necessity. The practice is to call for competitive tenders. And we find in actual fact the works are carried out largely by the contractors located in the area where the work is to be done. In other words, when we call for bids and they come in they are largely from the contractors located in that area and the impact of supply of material and labour is largely in the area where the work is to be carried out. There may be some exceptions where material might have to be brought in and cases where the contractor may move out of his normal sphere of operations, but generally the impact of the supply of labour and materials is where the work is being carried out.

Q. The local contractor by reason of having his labour and equipment handy has an advantage. But, I am asking if in these cases cost is the dominating factor, leaving out these contracts you mentioned on a cost plus basis; apart from those is cost the conclusive factor in awarding these contracts?—A. Cost is the deciding factor. We accept the lowest bid wherever we feel the contractor is competent to do the work.

Q. Regardless of where he comes from?—A. Yes.

Q. To determine whether he is competent what do you take into account?—A. The experience and organization that he has; his finances and his equipment and so on. We examine them very thoroughly as to any possibility they may not be able to do the job.

Q. In how many cases have you rejected the lowest tender for the reason you did not think the contractor who offered the tender was competent to carry it through?—A. There have been a few cases—not more than half a dozen I would think.

Q. I am not asking for the names, but I am trying to get to the extent the cost rule governs?—A. We are still taking cost into consideration in any case where we do not accept the low bid because if the contractor was not competent we would find ourselves involved in even greater cost.

Q. I am interested in the number of cases where you have departed from the rule of the low tender being accepted.—A. I will get that. The number would be small.

Q. I would like to get the considerations in those cases that led you away from the rule that the low tender would be accepted.—A. It would be cases where we felt the contractor did not have the organization or finances to handle the work.

Q. If he was able to get a performance bond.—A. It is not our practice to call for a performance bond. We rely on security deposit and holdback.

Mr. JUTRAS: When the lowest tender is not accepted do you take the next lowest?

The WITNESS: Yes. When the next tenderer is competent.

By Mr. Wright:

Q. On page 10 you are dealing with a matter of cost plus fixed fee basis contracts. Outside of a special program which deals with projects of a security nature and in remote areas where it is difficult to get contractors to work, what percentage of your total program of \$375 million is in this special program class?—A. I am sorry, sir. I do not think I would be permitted to answer that question. The scope of that program is part of the security.

Q. Could you answer this? What percentage of that program is let on a cost plus basis?—A. The contracts for construction for the program that is described as special or security are entirely on a cost plus fixed fee basis as far as the general contracts are concerned.

Q. You would not be allowed to answer the proportion of the total construction program that is in that classification? You see, there are two classifications; they are not just security. There are areas, in which, because of their remoteness, contracts are let. So I do not think you would be giving away any security. For instance at Churchill.—A. Perhaps I misunderstood you.

Q. I am not asking you to divide that into the security section of the program, but just the total amount in this special program, both what is in remote areas and what is in the security program—the amount involved in cost plus contracts related to the total program of \$375 million. The implications were that a very small part of this program is on a cost plus basis. You say there are only seven new cost plus fixed fee contracts. Of course there are much more than that if you take the total picture.

The CHAIRMAN: May I read Mr. Fulton's questions and see if it is helpful, as you have not had an opportunity to see them.

(See Minutes of Proceedings above).

Mr. KNIGHT: Of course this goes much further than my question. It would involve security.

The CHAIRMAN: I am assuming he is not asking about security matters and the question is being dealt in that fashion and an answer is being prepared.

By Mr. Fleming:

Q. On page 8 at the beginning of (c) you say: "From the outset of the operations of D.C.L., the instructions were that." From what source would those instructions come?—A. From the Minister of Defence Production to myself.

Q. To your corporation?—A. That is right, sir.

Q. Further down you proceed with an enumeration of exceptions to the firm price competitive tender. You list six of them. Are there any others besides the six, or is that the complete enumeration?—A. It is as complete as I have been able to think of. I think it covers all the situations.

Q. Have you any record of the sums paid to date in the form of percentage fees on these cost plus fixed fee type contracts?—A. We can get that information for you. That arises out of Mr. Fulton's questions.

Q. It is a matter of having it in total form. When you are reckoning up the cost in the case of the contractor—I am not speaking now about your consultant—what allowance do you make for overhead and maintenance and operating cost on the part of the contractor?—A. The fees for what is called the fixed fee portion of the contract is not entirely profit. It makes an allowance and it includes whatever allowance the contractor provides for, his head office overhead and the staff of his head office involved in the administration of the contract. In other words, if the fee were \$50,000 that would not be looked upon as profit because out of that \$50,000 the contractor would have to recover his head office overhead costs. The costs of the work are entirely on site costs.

Q. When you are determining the cost—I am not speaking about the fee at the moment—what do you allow to the contractor apart from his actual out of pocket outlays by way of wages, salaries and material costs?—A. We allow him an allowance for the use of the equipment on the job. Outside of actual out of pocket disbursements for labour and material we allow him the rental for the use of his equipment.

Q. Is that a flat percentage basis?—A. It is 5 per cent per month of the replacement value of gasoline or diesel equipment, or 3 per cent per month of replacement value of other equipment.

Q. That is one item. Now, what else if anything do you allow?—A. That is the only item we allow which does not reflect out-of-pocket disbursement.

Q. Is nothing allowed for overhead?—A. Such overhead as he has at the job which we are able to determine because it is all incurred at the job. If he has any of his overhead costs at the job these are determined by the cost inspection and audit division at the job because the personnel are paid at the job.

Q. I take it as far as at the job is concerned, that applies to all supervising personnel and such a portion of the time of senior officials of the company that happens to be spent on the job?—A. If they are on the job for any length of time, but if only paying casual visits to see how the job is progressing, the normal calls a head office might make to the job to see that the work is progressing satisfactorily, then the time spent on the job would not be allowed as cost.

Q. It must be someone spending some substantial time on the job for supervision?—A. That is right, sir.

Q. As far as general overhead is concerned, the balance of normal overhead apart from on site supervision, do you make any allowance for that?—A. None whatever. He must recover that out of his fee.

Q. What about insurance?—A. He is confined to the insurance that can be related to the site operation.

Q. The same with Workmen's Compensation?—A. Yes.

Q. Anything about patent provisions, anything of that kind?—A. I would like to check that point.

Q. What about taxes?—A. He is not allowed taxes.

Q. No taxes at all?—A. Only taxes such as sales taxes on the material. None of his own taxes, income, or corporation taxes or anything like that.

Q. How do you determine the fixed fee that you take when you are entering into such a contract?—A. The fixed fee is determined on a basis of the estimate of the cost of the work. Having established that estimate, the fixed fee is based on a scale we have adopted of 5 per cent of the estimated cost of the work up to \$2 million. If it is estimated the work will exceed \$2 million in cost, for the excess we reduce the fee to 4 per cent between 2 and 3 million. If it is estimated the cost of the work will exceed \$3 million, we reduce the fee for the excess of \$3 million to 3 per cent.

Q. Do you have any difficulty getting the kind of contractors you want?—A. No, sir. We do not.

Q. Is there any reason why you should not give us the names of the contractors to whom such contracts have been awarded?—A. In reply to Mr. Fulton's question I will see that that information is provided with respect to those that are not subject to security.

Q. The security would not apply to names of contractors.

The CHAIRMAN: Yes. He will provide the names of the contractors on any of those contracts that are not under security.

Mr. FLEMING: I had not thought that security would extend to the name of the contractor.

The WITNESS: It is by giving the names I would in effect be giving an enumeration or a list.

The CHAIRMAN: If we placed on the record the names of these contractors it would give information from which deductions could be made and it would be dangerous.

Mr. FLEMING: At the moment I do not see it. Perhaps we can discuss it further.

The WITNESS: It might reveal the total involved.

Mr. FLEMING: I was not asking about figures. I was asking about the names. That is all I was asking for. Just the names of the contractors who have these contracts?

The WITNESS: I will be glad to get it to the extent I can.

Mr. McILRAITH: About the security. I would not want the names put on the record without some pretty careful thought being given to it.

The CHAIRMAN: Mr. Fleming is not pressing the matter at the moment. I do not think we need worry about it.

Mr. FLEMING: I thought the witness was going to consider the question further. We are not tying his hands at the moment. It may be with further reflection he will see some way.

By Mr. Herridge:

Q. I want to refer to the paragraph on the top of page 15: "The resident engineer checks the contractor's claim against the progress of the work", and so on. I realize there has been a tremendous and rapid expansion of your department. You have your staff to deal with and many new contractors. I have had some experience in the construction business, that is highway construction, and I know of difficulties that have arisen between resident engineers and contractors, particularly with respect to classification of materials and certifying the work is done properly. And I have known cases where these people attempted to go over the head of the resident engineer to ministers and members of the legislature and people of that sort. Would Mr. Johnson explain what experience they have had in that connection? Have you had the contractors go to higher authority to over-ride the resident engineer and create difficulties because they thought his recommendations were not fair?—A. If

the resident engineer gives a decision which the contractor finds unsatisfactory, there is no real objection to his going say to the area engineer or regional engineer to discuss the matter further. The fact is that the contract itself provides for various steps that a contractor can take if he is not satisfied with the decision he gets on the job. He has the right to appeal to higher authority. But I would say this, with respect to the phraseology suggested here of making difficulty, I do not think we have had that kind of experience. The fact is contractors have appealed resident engineers' decisions to regional offices and even the head office, but I think that is a perfectly normal procedure.

The CHAIRMAN: I think Mr. Herridge was going a step further and wanted to really ask you how much political interference were you subjected to.

The WITNESS: I have not been subjected to that at all.

By Mr. Pearkes:

Q. May I ask a question in regard to the procedure in connection with the European contracts, page 3. You say in connection with the government of France: "Appropriate authorities let the construction contracts to French contractors." Do we deal directly with the French contractors or do we deal through the French government?—A. The situation there, General Pearkes, is that we have been very fortunate in our relations with the French authorities in the letting of the contracts. The legal responsibility for the letting of those contracts and the calling for tenders is done by the French authorities, but they have arranged that our representative sit through the entire proceedings. He has participated in the tender calls and has been present when the tender documents were opened, and the arrangements with the French government and the government of Canada require before the contract is awarded he concur in that contract and be satisfied that it is in our interests that it be let on the basis proposed.

Q. Are these contracts all with French firms? There are no Canadian contractors?—A. Quite right. The work is all being carried out by French contractors.

Q. Are payments made to the contractors direct or are they to the French government as the work progresses?—A. The French government makes the payments to the contractors and we reimburse the French government.

Q. Have you any idea what the fees of the French government are if any for their services?—A. To the best of my knowledge there is no fee on that. I do not think they are charging for their services.

By Mr. Wright:

Q. I have a question to ask on page 4 of this brief. "In addition to our responsibilities for Canadian military construction, we have negotiated and supervised a number of projects being constructed for the account of the government of the United States of America". Are those all security projects?—A. They are all security projects, sir.

Q. What fee do you charge for this supervisory work to the Americans, or do you charge any fee, or are you operating the same as the French government are with respect to you?—A. The fact is we are charging a fee.

By Mr. Applewhaite:

Q. Mr. Chairman, I want to ask a question on two different aspects of this thing. Would it be possible for the witness to give us in reasonably general terms what in the way of accommodation—and I include everything from living quarters to air fields—we are responsible for building in Europe including Britain, and how much is being provided of it by other governments?—A. I am sorry I did not quite get that question.

Q. What I was trying to get at is how much of the accommodation that we use both living and operational in Europe, including Britain, do we have to build and provide, and how much is provided for us by other governments?—A. I am not in a position to answer that. I can only say that broadly speaking—

The CHAIRMAN: I am told Mr. Applewhaite, that the information was contained in an answer to a question asked by Mr. Adamson, it is on the record.

By Mr. Applewhaite:

Q. Is it a fair question—I do not want to over-step at all—but what are the items to which you referred in your statement as having been built in Europe with the cooperation of the government of France?—A. I can give you some idea of these items sir.

Mr. DICKEY: Actually I think, Mr. Chairman, that this involves a very complicated question of what is infrastructure and what is not. It is a complicated arrangement they have under NATO for these matters.

By Mr. Applewhaite:

Q. I may perhaps be of assistance by stating the next question I was going to ask. Does that remain the property of the Canadian government? Is it at our disposal or not? I am trying to find out whether we are building up a vested interest in certain equipment on locations over there.—A. I have not that information available, but I could get it.

Q. The other question I wanted to ask was in connection with page 6 of the statement in which it said that rather than duplicate the corporation's organization within D.C.L. it was considered expedient to enlarge it. That refers to the Central Mortgage and Housing Corporation. And later on we were told that quite a large personnel in Central Mortgage and Housing was working entirely on D.C.L. work. What, if anything, has been saved by using Central Mortgage and Housing instead of by setting up your own supervisory division?—A. It would be very difficult to put a dollar and cent value on that but I think there can be little doubt that there would have been a duplication of government agency services had Defence Construction, say, endeavoured to set up regional offices and a large head office organization and set up a large supervisory staff in the field when Central Mortgage and Housing had these regional offices and had agents in the field. Central Mortgage and Housing you may remember was supervising the construction of the married quarters housing program for the Department of National Defence and it already had inspection representatives at most of the sites where this defence construction program took place, and while I could not put a value on the saving I am sure it is quite substantial in the sense that duplication would have taken place.

Mr. HENDERSON: They have the personnel available.

By Mr. Applewhaite:

Q. I assume when you came to that conclusion you did so after some consideration and I wonder whether that consideration allowed you to decide that you were making a certain saving, and if so, what?—A. As I say, I do not think a dollar value can be put on it, but we felt it was very substantial.

Q. Is it fair to say then that the advantage was both in cost and in efficiency?—A. I would say so sir, yes, definitely.

By Mr. Harkness:

Q. Referring to this matter of rental for equipment, as I understood it, you pay 5 per cent per month on gasoline driven equipment and that includes drag lines and trucks.—A. It could include trucks, but trucks are an exception to

that rule. Normally they are paid for on a rental basis other than on that 5 per cent. Sometimes they are paid on 5 per cent basis, but I think more frequently they are hired on a different basis.

Q. It would include drag lines and things of that sort?—A. Yes.

Q. What is meant by replacement values?—A. The normal interpretation of replacement value is the new value of the equipment at the time the item was being used, but I will say that if the equipment is not new equipment then in negotiating replacement value consideration has been given to the question of reducing the replacement value from new value, so that where the equipment is not new equipment, the new value is not being used in all cases.

Q. New value is the value ordinarily used?—A. Yes, that is on the normal interpretation of replacement value.

Q. Then you have the situation quite frequently I would say where a man puts on a job say a drag line which perhaps cost him \$60,000. It is two or three years old and it has normally been written down to half the value. That is \$30,000. He gets 5 per cent a month for it. He has had it on the job for a year and he is paid more than the value of the piece of equipment, and then he can take the piece of equipment and do that all over again?—A. The rental value is not a net profit to the contractor. A contractor has considerable cost in keeping his equipment in storage at the time when it is not in use, and as Mr. Fleming suggested, he has quite a bit of overhead in connection with the maintenance of the equipment, so that the payment that we make as rental value cannot be looked upon as net profit. There is also the fact that we are dealing with a competitive market, so far as the equipment is concerned. We are dealing in a normal market, where, if the equipment is not being used at one of our projects, it may be used at other projects and I might add that our rental rates are considered low. They are considered below what might be considered the standard rates for construction equipment.

Q. On that particular point one of the complaints I have heard is this very matter, that the equipment, in some cases ten years old, was being paid at this rate of 5 per cent per month, and the piece of equipment had been paid for several times.—A. It may be that the equipment was not new equipment. It may have been with the contractor for some time, but I can assure you and I think you will recognize that we would have had to pay rental for the equipment. I do not think anybody would suggest that we could get equipment on projects without paying for them, and we are paying either the normal standard of rentals that are charged, or, in a case where the contractor himself owns the equipment, we are paying what is considered somewhat below the standard rental.

Mr. DICKEY: I was wondering on that point. If Mr. Harkness were to indicate the particular instance that he has referred to would it not be possible to check, and find out the exact facts.

The CHAIRMAN: Mr. Harkness' questions are of a general nature.

Mr. DICKEY: He said that he had received complaints, and instances, and if he could give these instances would it be possible to check on the facts.

By Mr. Harkness:

Q. Mr. Johnson, who pays for these repairs? Does the contractor pay for them, or do you?—A. We pay for repairs on the job that are required to keep the equipment in operational condition.

Q. In other words a good deal of the maintenance is paid for by you while on the job, so the 5 per cent that you pay is actually—I do not know that I would call it clear profit—but it is certainly going to pay for the cost of this equipment, bearing in mind that if it is used several times a man gets paid for it time after time, and the rentals and repairs are paid by you. It is stored in winter, and there is no maintenance on it practically speaking.

Mr. DICKEY: Nor is there rental on it?

The WITNESS: There may be long periods, and there have been quite a number recently when a construction contractor's equipment is idle, and during that period he has to look after it, insure it, store it and keep it in condition for use when it may be required and these costs during any idle period go on, and not only Defence Construction, but any other organization renting equipment when it is renting it it pays in part for that cost.

By Mr. Harkness:

Q. That still does not detract from the general situation so far as I see it operates. It seems to me it is an improvident sort of agreement to pay 5 per cent on the new value of that piece of equipment. In other words, the 5 per cent should be on the present value of the equipment, not on the new value?—

A. I do not think we would pay 5 per cent on 10 year old equipment.

Mr. DICKEY: If Mr. Harkness has a specific case in mind if he will only say what it is we could get the facts instead of innuendoes.

The CHAIRMAN: What is the normal rate paid for the hiring of equipment by a contractor and a corporation individual?

The WITNESS: Rates normally paid are usually higher. One example I can give you is that during the war the normal rate as approved by the War-time Prices and Trade Board was something of the order of 8 per cent per month.

By Mr. Wright:

Q. Do your inspectors inspect this equipment. Do you have your inspectors to see that the contractor is coming on the job with the equipment in first class condition, and that they do not immediately require repair?—A. One of the responsibilities of the inspector is that they must give a certificate that the equipment is in satisfactory condition for the purpose for which it is employed.

By Mr. Larson:

Q. Is it also a fact that if you have a project planned and you need this equipment on the job for that project, and it is temporarily tied up, you are not prepared to pay some sort of decent rent for it to the contractor while it is moved away and it is not there when you need it again.—A. We are in a competitive market. The construction industry is extremely busy and in order to get construction equipment, we have to pay a rate that is sufficiently attractive to get the equipment, and I think we have been fortunate in getting it below what is considered to be a satisfactory rental.

By Mr. Henderson:

Q. You have been saying 5 per cent. Five per cent of what? I presume you value that equipment. If it is two years old, there will be some depreciation.—A. I said that the normal interpretation of replacement value was the new price, but engineers look at this equipment and decide whether they feel it is in sufficiently good condition to be considered valued as new equipment, and if they do not feel it is, they endeavour to establish a replacement value which is somewhat below the new value. We do not pay a new value on old equipment—substantially old equipment.

Q. In other words you are paying a percentage on his capital investment in that year on what he might derive out of it if he sold it?

The CHAIRMAN: I do not follow you.

By Mr. Henderson:

Q. If it is a machine worth \$60,000 he certainly has a capital investment on which he has expended his money, and probably he is paying on it a carrying charge. You do not take into account in your 5 per cent and your maintenance what he is paying interest rates on, and what money he might have invested in that machine?—A. Interest charges he might have in connection with that equipment he has to recover out of that 5 per cent. That is the point I have tried to make. Out of the amount we allow the contractor he has charges he must meet. It is not net profit to the contractor by any means.

By Mr. Thomas:

Q. I was wondering on one point. In the event of a machine being damaged very severely, or beyond repair on this work, does the government replace that or is it the responsibility of the contractor? For example, if a caterpillar rolled over a bank and was damaged beyond repair, would it be replaced by the government or by the contractor?—A. Normally the situation there is a contingency that can be covered by insurance.

By Mr. Harkness:

Q. Who pays on the insurance. You or the contractor?—A. The contractor.

By Mr. Adamson:

Q. That is anything outside of what you would call normal work damage. If a drag line breaks a boom or a shovel breaks a boom, or a bucket, you would replace it, but if there was any total loss through accident or disaster then the insurance company would pay it?—A. That would be right.

By Mr. Thomas:

Q. I would think that in many cases particularly in mountainous areas, it would be pretty difficult to get insurance on that. You do not know of any cases where the equipment has not been covered by insurance?—A. I do not know of any such cases.

By Mr. Adamson:

Q. The operator of the machine is paid for by the contractor, and is charged up to cost?—A. That is the cost of the work.

By Mr. Herridge:

Q. Does the engineer in charge when reporting on the hire of a certain machine for rental report the type of machine and its age?—A. Yes, he does. The information we require in every item of equipment is very complete, and whatever arrangements the resident engineer might propose as to replacement value, whatever allowance has to be made in that regard is subject to review. The resident engineer is not the final authority. He merely recommends.

By Mr. Larson:

Q. In other words you insure yourself against the possibility of a contractor renting an old machine to the government to get it replaced and put in good shape?—A. That is correct. The maintenance allowed on a job is only the maintenance necessary to keep the equipment going for use on the job. They are not allowed any major overhaul or repair towards the end of the job which would permit them to take equipment off at the expense of the Crown, or gain any undue advantage. This is all watched very carefully.

Q. In other words you satisfy yourself if you want a drag line to operate for 10 months that that drag line is in condition to operate for 10 months without complete overhaul?—That is correct.

Q. And what you are prepared to pay is accidental or normal wear and tear?

By Mr. Dickey:

Q. I suppose the cost audit people pay attention to this aspect of the matter?—A. Yes sir, they do. Cost inspectors and the audit people do watch this very carefully, because they have had long experience with these costed contracts and if they see any situation which they think calls for attention, they advise us.

By Mr. Harkness:

Q. What justification is there for paying this 5 per cent on the new value of these machines, when in actual fact most of the machines—practically all—are not new machines?—A. They do not necessarily go on a job all new, but we have not got a lot of old equipment.

Q. Why is it not a general policy to pay 5 per cent of the actual value rather than of the new value of the machine?—A. Well, as a matter of fact this in effect is what does happen. These replacement values are adjusted in the light of the condition of the machine.

Q. But you already told us that in most cases you pay 5 per cent on the new value of the machine. That is the general rule.—A. I beg your pardon. You asked what replacement value meant, and I said that in an interpretation of the new value we had to take into consideration the age of the machine.

Q. Could you let us know any of the percentage cases say 300 out of 400 that you did not pay 5 per cent on the new value of the machine.—A. I could endeavour to get that information for you sir.

Q. I certainly think that would be a much sounder practice, to pay on the actual value of the machine instead of on the new value.

MR. DICKEY: What is the commercial practice.

THE CHAIRMAN: He gave the commercial practice a few minutes ago when he said they paid less than the commercial practice. That was the answer to the question asked.

By Mr. Larson:

Q. Is it not a fact that a drag line say two and a half years old in satisfactory working condition that can do a job is worth just as much to the person that rents it to you as one he takes out of the showroom?—A. That is correct. The fact is we are in competition for this equipment with other people, and we have to pay a rate that will get satisfactory equipment on the job.

By Mr. Wright:

Q. Is that 5 per cent a flat rate or does it vary with the different types of equipment. A drag line might last longer than any other type of equipment.—A. It is 5 per cent on gasoline or diesel driven equipment, and 3 per cent on equipment that is not gasoline or diesel driven, and might be expected to have a considerably longer life.

By Mr. Thomas:

Q. In other words self-propelled would be 5 per cent and other ancillary types would be 3?—A. That is right.

By Mr. Applewhaite:

Q. I would like to ask the witness a question, not with reference to the actual type of equipment we have been discussing, but with reference to the cost of the contract in its entirety. What is the final court of appeal if there is a difference of opinion between C.M.H.C. and yourself or the contractor, and how does it get to its final court of appeal?—A. It will go from the resident engineer to the area engineer to the regional engineer at Central Mortgage and Housing and from there to the head office of the Central Mortgage and Housing and from there to Defence Construction Limited.

Q. And Defence Construction Limited have the last word, have they?—A. Subject to the fact that if money was involved any recommendation we might make would be subject to approval by the minister of the Treasury Board.

Q. I did not mean as to expenditure of government funds. What I meant was in regard to solving a dispute between a contractor and the Crown as to what the actual cost of the project was.—A. We would be the final authority.

By Mr. Wright:

Q. Your 5 per cent per month—how many hours work does that involve, 24 or 8?—A. 250 hours per month.

Q. And anything over that you pay part?—A. Half. It is reduced to half for renting over 250 hours a month.

By Mr. Boisvert:

Q. Just a few questions, and very short ones. On page 5 of your statement you say that the Department of National Defence does not have any dealing with the contractor, and, you add, however, "services do have inspection teams". Do I understand you mean by services the service of the Department of National Defence?—A. Yes sir, the Department of National Defence which is the end user has in the army and air force one or two representatives who visit the jobs from time to time and see whether they feel they are getting the kind of buildings they expect.

Q. One more question. Does this service have anything to do with the cost—either the cost or the accounting—with respect to any project during the course of construction?—A. The purpose of these visits of the representatives of the Department of National Defence is to look basically at the quality of the work to see whether they are getting the kind of buildings they expect. They do not discuss with contractors anything of the nature that involves the cost of the job. If they have any feelings in that regard, they discuss them with the resident engineer on the job.

By Mr. Adamson:

Q. I would like to ask one more question on equipment that I am not quite clear on. The witness said that on 250 hours a month it was paid for at 5 per cent. Now, that is approximately an 8-hour day for 30 days of the month or 10 hours for 25 days in a month. You have a shovel and that shovel works at night shift and day shift just as long as there is anybody to operate it. Say it works at 20 hours a day. Therefore, you build up 500 hours in the month, and that does happen in many jobs. Therefore, you pay 5 per cent on the value for 250 hours and 2 per cent on the other 250 hours or a net $7\frac{1}{2}$ per cent for that month on that piece of equipment.

The CHAIRMAN: Just a minute, let the witness answer.

The WITNESS: We would pay 5 per cent on the first 250 hours and at the reduced rate on the next hours, whatever they might be.

By Mr. Adamson:

Q. The reduced rate is $2\frac{1}{2}$ per cent then?—A. Yes, and so the average rate therefore would be less than 5 per cent during the period of the employment of the equipment.

Q. But you pay 5 per cent on the day shift and $2\frac{1}{2}$ per cent on the night shift, therefore the total for that piece of equipment would be $7\frac{1}{2}$ per cent for the month?—A. The rate which we would pay would be less than 5 per cent.

Mr. APPLEWHAITE: 3.75 per cent.

The WITNESS: The equipment would have worked two months in one month.

Mr. ADAMSON: The equipment therefore works two months in one month and for the first month of that month it is paid for at the rate of 5 per cent, and on the second month of that month, it is paid for at $2\frac{1}{2}$ per cent and therefore on the calendar month for the 30 days on which the sun rises and sets it is paid for at $7\frac{1}{2}$ per cent.

Mr. DICKEY: Yes, but you get two months work and you are paying for a month and a half's work.

The CHAIRMAN: I have a return asked by various members on Cold Lake and Primrose Lake area weapons range which I am tabling; copies are available for you now. (See Appendix No. 37).

The committee adjourned.

APPENDIX No. 35

Question by Mr. Thomas—(Asked on March 17, 1953)

1. Where else are prefabricated huts stored besides Debert, N.S.?
2. Give the numbers of huts stored at these other places?

Answer (D.N.D.)

1. Prefabricated huts are also stored at the following locations:—
Quebec Command—Bouchard, P.Q.
Central Command—Petawawa, Ont.
Prairie Command—Winnipeg, Man.
Western Command—Wainwright, Alta.

2. The numbers and types of prefabricated huts stored in the following places are as listed:—

(i) Bouchard, P.Q.: Huts, General Purpose	604
(ii) Petawawa, Ont.: Huts, General Purpose	90
Huts, Metal, Quonset	78
	<hr/>
	Total
(iii) Winnipeg, Man.: Huts, General Purpose	116
(iv) Wainwright, Alta.: Huts, General Purpose ..	440
Huts, Metal Quonset	35
	<hr/>
	Total
	475

(Tabled on March 24, 1953)

APPENDIX No. 36

ANALYSIS OF CHANGE ORDERS AS RELATED TO BASIC FIRM PRICE CONTRACTS
DEFENCE CONSTRUCTION (1951) LIMITED

(Answer to Mr. Harkness)

As at December 31, 1952

	Basic Contracts	Value of change orders	Percentage of change orders as related to basic contracts dollar value only	No. of basic contracts	No. of change orders	Average No. of change orders per contract
	\$	\$	%			
Army.....	57,823,691	3,826,818	6.61	288	1,369	4.75
Navy.....	25,756,454	1,865,631	7.24	66	261	3.95
Air Force.....	157,737,888	15,808,711	10.02	469	2,178	4.64
D. R. B.....	9,873,893	753,013	7.63	39	262	6.72
Canadian Arsenals.....	2,485,243	113,691	4.57	4	53	13.25
TOTALS.....	253,677,169	22,367,864	8.82	866	4,123	4.76

(Tabled March 24, 1953).

APPENDIX No. 37

Question by various members asked on March 19th, 1953:

Explanatory memorandum re land required for R.C.A.F. Station Cold Lake and Primrose Lake Air Weapons Range.

Answer (D.N.D.)

Following the conclusion of the Second World War, it became apparent that the development of jet aircraft, air-to-air rocket projectiles, and the requirement for high level bombing and fighter interceptor training would require the establishment of an Air Weapons Centre remote from built-up areas, wherein aircrews could be trained in advanced weapons work and new weapons tested without endangering the civil populace.

Early in 1951 following an extensive investigation of several possible locations, it was decided to locate the Air Weapons Range in the Primrose Lake area in the Provinces of Alberta and Saskatchewan. The range is of rectangular shape, some 115 miles in length from east to west and approximately 40 miles in width, north and south. The southerly boundary of the range area runs in an east-west direction at about the level of the lower end of Primrose Lake. The range contains approximately 4,500 square miles of which about 2,040 square miles are located in the Province of Alberta and about 2,460 square miles in the Province of Saskatchewan.

The Provinces of Alberta and Saskatchewan were agreeable to the establishment of the Air Weapons Range in this location and negotiations have been under way between the Department of National Defence and the two Provincial Governments to develop arrangements whereby the Department of National Defence would have the use of the area on some suitable lease basis. It is not the intention to acquire title to the area. It is hoped that these negotiations will be concluded within the next few weeks.

Following the location of the Air Weapons Range, it was necessary to locate a suitable site for the development of the airdrome and other facilities required for Air Weapons Range operations. Because of the extensive air operations involved, proximity to the range was a most important factor in this selection. After considerable investigation by technical officers of the R.C.A.F. and the Department of Transport (Air Services) a suitable site was located about 24 miles south of the southerly boundary of the Range and about six miles to the southwest of Cold Lake. This location was entirely suitable from the point of view of distance and economy of operation and tests showed that it would be quite suitable for runway construction and building development. There were no obstructions to flying operations, drainage outlets were good, there was a good supply of gravel in the area, an excellent water supply was available, and rail and road facilities were adequate.

Accordingly on 31st March, 1952, an area of approximately 5,920 acres was expropriated for the R.C.A.F. Station. Of this acreage approximately 3,261 acres were privately owned and approximately 2,659 acres were owned by the Province of Alberta.

The expropriation of this land was carried out for the Department of National Defence by the Lands Branch of the Department of Transport who have provided the following information concerning it. Following the expropriation, officers of the Lands Branch undertook negotiations to effect settlements with the former private owners and the Province of Alberta. Before approaching the private owners, officers of the Lands Branch investigated land sales made in the area before the expropriation, and after analysis of the related data established that uncleared land in the locality was worth approximately \$15 per acre and that clearance of the land involved an expenditure of \$15 per acre. An allowance of a further \$15 per acre was established as the

cost of breaking and cleaning the ground for cultivation. Accordingly on this basis it was established that uncleared land was worth \$15 per acre, cleared land \$30 per acre and land cleared, broken and cleaned worth \$45 per acre.

Except in two cases, all settlements with the former private owners of the expropriated land have been negotiated on these basic values. In one case, 50 acres of the former owner's holdings were in the Townsite of Grand Centre and settlement was made for that 50 acres at \$150 per acre. The second exception was a farm holding where half of the total farm acreage was expropriated. In this case the former owner had cultivated the land to an exceptional degree for the raising of alfalfa seed. Because of this and the fact that it was the only cultivated acreage on the farm, a value of \$52 per acre was allowed. In all cases appropriate allowances had to be made for buildings located on these farm lands, together with allowances for disturbance or depreciation, depending on whether the former owner was completely removed from his farming operations or whether his holdings were merely reduced by the expropriation, and forcible taking. In the case of the former Provincial land the Province has agreed to accept \$15 per acre for the acreage taken.

Of the 16 private owners affected by the expropriation settlements have been completed to date with 12 in the amount of \$104,500 for 2,193 acres. Options have now been accepted in 3 other cases in the amount of \$32,800 for 948 acres (including an additional 40 acres which were not expropriated but were purchased to effect settlement). There remains only one former owner with whom settlement has not yet been negotiated for 160 acres.

Agreement has been reached with the Province of Alberta whereby the Province will be paid \$39,885 for 2,659 acres of Provincial land at \$15 per acre.

The attached statement, compiled from information provided by the Department of Transport, shows the details of the settlements made to date for the land expropriated on 31st March, 1952, and in each case indicates details of the allowances made for land, buildings, disturbances or depreciation, and forcible taking.

STATEMENT SHOWING DETAILS OF SETTLEMENTS MADE TO DATE
FOR LAND EXPROPRIATED ON MARCH 31, 1952

(Compiled from information provided by the Department of Transport)

Number of Acres	Name of Former Owner, Description of Property and Settlement Date	Allowance for Land	Allowance for Buildings	Allowance for Disturbance Depreciation, etc.	Total Settlement
479	R. K. & J. BERGO— NE $\frac{1}{4}$ Section 30, SE $\frac{1}{4}$ Section 31, NE $\frac{1}{4}$ Section 32 Twp 62, Range 2, W 4 M	\$	\$	\$	\$
	LAND— 308 acres at \$45 per acre..... \$13,860 171 acres at \$15 per acre..... 2,565	16,425			
	BUILDINGS— 1 house, 2 barns, 1 garage, 1 tractor shed, 1 storehouse, 1 granary, 1 chicken house, 1 pig house.....		4,889		
	ALLOWANCE for disturbance.....			1,686	
	Settlement made Nov. 19, 1952.....				23,000
160	W. CHRETIEN— SE $\frac{1}{4}$ Section 4, Twp 63, Range 2, W 4 M—				
	LAND— 80 acres at \$45 per acre..... \$ 3,600 80 acres at \$15 per acre..... 1,200	4,800			
	BUILDINGS— 1 storehouse, 1 granary.....		150		
	ALLOWANCE for disturbance.....			350	
	Settlement made Sept. 22, 1952.....				5,300
161	J. J. CUNNINGHAM— SE $\frac{1}{4}$ Section 5, Twp 63, Range 2, W 4 M—				
	LAND— 23 acres at \$45 per acre..... \$ 1,035 138 acres at \$15 per acre..... 2,070	3,105			
	BUILDINGS— 1 cabin, 1 barn.....		175		
	ALLOWANCE for disturbance.....			320	
	Settlement made Nov. 14, 1952.....				3,600
160	E. ELWOOD— SW $\frac{1}{4}$ Section 4, Twp 63, Range 2, W 4 M—				
	LAND— 80 acres at \$45 per acre..... \$ 3,600 80 acres at \$15 per acre..... 1,200	4,800			
	BUILDINGS— 1 house, 3 storage sheds, 1 frame barn, 1 log barn, 1 granary, 1 chicken house....		3,171		
	ALLOWANCE for disturbance.....			529	
	Settlement made Sept. 15, 1952.....				8,500

STATEMENT SHOWING DETAILS OF SETTLEMENTS MADE TO DATE
FOR LAND EXPROPRIATED ON MARCH 31, 1952

(Compiled from information provided by the Department of Transport)

Number of Acres	Name of Former Owner, Description of Property and Settlement Date	Allowance for Land	Allowance for Buildings	Allowance for Disturbance Depreciation, etc.	Total Settlement
158	P. E. FEX— SE $\frac{1}{4}$ Section 33, Twp 62, Range 2, W 4 M— LAND— 35 Acres at \$45 per acre..... \$ 1,575 123 Acres at \$15 per acre..... 1,845 BUILDINGS— 1 cabin, 1 barn..... ALLOWANCE for disturbance..... Settlement made Sept. 15, 1952.....	\$ 3,420	\$ 258	\$ 322	\$ 4,000
156	M. HARDIN— SW $\frac{1}{2}$ Section 32, Twp 62, Range 2, W 4 M— LAND— 60 acres at \$45 per acre..... \$ 2,700 96 acres at \$15 per acre..... 1,440 BUILDINGS— 1 house, 1 barn, 2 old out buildings..... Settlement made Oct. 20, 1952.....	4,140	660		4,800
120	C. O. NELSON— LSD 1, 2, & 3 of Section 12, Twp 63, Range 3, W 4 M— LAND— 20 acres at \$45 per acre..... \$ 900 100 acres at \$15 per acre..... 1,500 DEPRECIATION on residual 360 acres and ALLOWANCE for forcible taking..... Settlement made Sept. 15, 1952.....	2,400		2,600	5,000
10.5	R. W. NELSON— LSD 3 & 4, Section 7, Twp 63, Range 2, W 4 M— LAND— 8 acres at \$45 per acre..... \$ 360 72.5 acres at \$15 per acre..... 1,087 DEPRECIATION on residual 239.5 acres..... Settlement made Sept. 18, 1952.....	1,447	1,553		3,000

STATEMENT SHOWING DETAILS OF SETTLEMENTS MADE TO DATE
FOR LAND EXPROPRIATED ON MARCH 31, 1952

(Compiled from information provided by the Department of Transport)

Number of Acres	Name of Former Owner, Description of Property and Settlement Date	Allowance for Land	Allowance for Buildings	Allowance for Disturbance Depreciation, etc.	Total Settlement
81	A. POIRIER— S½ of SE¼ Section 7, Twp 63, Range 2, W 4 M— LAND— 61 acres at \$52 per acre..... \$ 3,172 20 acres at \$15 per acre..... 300 DEPRECIATION on residual 80 acres and ALLOWANCE for forcible taking..... Settlement made Sept. 15, 1952.....	\$ 3,472	\$ 	\$ 1,028	\$ 4,500
277.5	L. POIRIER— N½ Section 34, Twp 62, Range 2, W 4 M— LAND— 161.3 acres at \$ 45 per acre..... \$ 7,258 66.2 acres at \$ 15 per acre..... 993 50 acres at \$150 per acre (townsite). 7,530 BUILDINGS— 1 barn, 2 hog houses, 1 chicken house..... DEPRECIATION on residual 159 acres and allowance for forcible taking..... Settlement made Feb. 6, 1953.....	 15,781	 1,460	 4,759	 22,000
159	H. AND A. SMITH— NW½ Section 28, Twp 62, Range 2, W 4 M— LAND— 65 acres at \$45 per acre..... \$ 2,925 94 acres at \$15 per acre..... 1,410 DEPRECIATION on residual 157 acres and buildings and ALLOWANCE for forcible taking..... Settlement made Sept. 11, 1953.....	 4,335	 	 2,665	 7,000
201	J. AND W. REED— NE¼ Section 22 and Part SW¼ Section 34, Twp 62, Range 2, W 4 M— LAND— 82 acres at \$45 per acre..... \$ 3,690 119 acres at \$15 per acre..... 1,785 BUILDINGS— 1 house, 1 garage and storehouse, 2 hen-houses, 1 barn, 1 pighouse, 1 milk house, 2 sheds, 1 granary..... DEPRECIATION on residual 114 acres and ALLOWANCE for forcible taking..... Settlement made Sept. 22, 1952.....	 5,475	 4,655	 3,670	 13,800
2,193	TOTALS.....	69,600	16,971	17,929	104,500

(TABLED ON MARCH 24, 1953)

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 17

THURSDAY, MARCH 26, 1953

WITNESSES:

Mr. Alphonse Ledoux, Chief, Lands Branch, Department of Transport;
Mr. R. G. Johnson, President and General Manager, Defence Construction
(1951) Limited.

CORRIGENDUM

Page 315—No. 12 of the minutes of proceedings and evidence of Tuesday, March 10, 1953, *last paragraph thereof*, headed *Progress*, should read

The major construction programme for the Armed Services from April 1, 1950 to December 31, 1952 amounted to \$757,500,742.00 against which expenditures have been made to a total of some \$405,390,549.11 representing approximately 53·5 per cent completion. It is anticipated that by the end of the present fiscal year the total expenditure for major construction will amount to \$489,412,742.00 (64·6 per cent).

MINUTES OF PROCEEDINGS

THURSDAY, March 26, 1953.

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Croll, Decore, Dickey, Fleming, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, McIlraith, Pearkes, Power, Stick, Thomas and Wright. (23)

In attendance: Mr. Alphonse Ledoux, Chief, Lands Branch, Department of Transport, Mr. R. G. Johnson, Defence Construction (1951) Limited; Messrs. H. A. Davis and W. R. Wright, Department of National Defence.

The Chairman called the attention of the Committee to an error in the printed evidence of Tuesday, March 10, No. 12. (*See Corrigendum*).

Answers to questions by Messrs. Fleming, Adamson and Applewhaite were tabled. Copies thereof were distributed. They relate to:

1. Married quarters at Namao.
2. Warehouses at Cobourg and Long Branch.
3. R.C.A.F. property in France.
4. Allowance to contractors on cost plus contracts regarding patents.
5. Certain items of construction built in Europe in co-operation with the Government of France.

Ordered,—That the above answers be printed. (*See Appendices Nos. 38 to 42 inclusive*).

Mr. Alphonse Ledoux was called. He made a brief statement on the method of acquiring land at Cold Lake. He was examined thereon as well as on a memorandum relating thereto, tabled by the Department of National Defence on Tuesday, March 24, which appears as Appendix No. 37, in No. 16 of the Evidence.

The witness was asked to provide further information with respect to 5 particular settlements of sites at Cold Lake.

Mr. R. G. Johnson was called and further examined on the statement which he read on Tuesday, March 24.

Mr. Johnson began reading a statement on R.C.A.F. Station at Penhold. Table B appended thereto is divided into 3 parts, namely:

- Part I. D.C.L. Contracts.
- Part II. D.C.L. Change Orders.
- Part III. D.C.L. Building Maintenance.

Copies of this statement were distributed.

At 1.00 o'clock p.m., the Committee adjourned to meet again on Tuesday, March 31, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

MARCH 26, 1953.

The CHAIRMAN: Gentlemen, I see a quorum.

I have an answer to a question by Mr. Fleming which reads: "Have there been any cases where Department of National Defence has been pressed to accept work by Defence Construction Limited or CMHC when etc.

(See Appendix No. 38)

Also a question by Mr. Adamson: "With respect to warehouses at Cobourg and Long Branch, Ontario, etc.

(See Appendix No. 39)

Then Defence Construction Limited have some answers to questions of Messrs. Applewhaite and Fleming.

(For these questions and answers see appendices 40, 41 and 42).

Finally, I have a correction to one of the statements made in our proceedings. It will appear in the record. (See corrigendum.)

Gentlemen, on March 19th, we had some evidence—page 427—with respect to Cold Lake and there was some question about the price paid for the land. I circulated a further memorandum at the last meeting which is incorporated as Appendix 37. You do not have the minutes, but you have a copy of the memorandum.

We have with us this morning Mr. Alphonse Ledoux. He is the gentleman responsible for acquiring this land and he is well acquainted with it. Would you permit him to break in for a few minutes on that matter and clear up what appeared to be some misunderstanding?

Agreed.

The CHAIRMAN: Your name is Alphonse Ledoux and you are chief of the Lands Branch of the Department of Transport?

Mr. Alphonse Ledoux, Chief of Lands Branch, Department of Transport, called:
The WITNESS: Yes.

By the Chairman:

Q. Will you tell the members of the committee something about the acquisition of this land with particular reference to the price paid and the formula that was applied in fixing prices to be paid.—A. Do you mean right from the beginning?

Q. Concerning the ownership of the land, have you anything on your file to indicate how long these people had owned the land before your purchased it from them?—A. Yes.

Q. Have you it here?—A. No.

Q. Will you send us a memorandum indicating how long these people Bergo and the others had owned the land?—A. Yes. We have at Cold Lake purchased a total of 5,920 acres, out of which 2,659 acres belong to the provincial government. The balance of the lands were obtained through private transactions which consist of 3,261 acres.

Q. Settlements were made?

Mr. DECORE: You are referring to the sites?

The WITNESS: That is right. The settlement for 3,261 acres which belonged to the province and then a further acreage of 2,193 acres which was settled, for a total compensation of \$104,500. This works out roughly at \$47.60 per acre. But this would include buildings, depreciation to residue of property and forcible taking.

By the Chairman:

Q. There is some apprehension in this committee that the price was somewhat high for what has been referred to as muskeg land?—A. It is not muskeg land. I will give you a breakdown of what we paid in different stages.

Q. Had you a formula?—A. Yes. The basic price first of all is \$15 per acre, the reason being that the province is offering land for sale at \$15 an acre and under conditions that there would be an auction sale held and if the price obtained for the land is not any more than \$15 an acre then no sale is made. We have taken the price of \$15 and acre as set by the province, to that we have added \$15 an acre for clearing the land where it is shrubs or small bush; to that we have added another \$15 an acre for breaking and ploughing the land to bring it into a state of cultivation. We have settled for 922.3 acres of land which was fit to cultivate at a price of \$45 per acre which would give you the total sum of \$41,503.50. We also have settled for 1,159.7 acres at \$15 per acre, giving a total of \$17,395.50.

Mr. HERRIDGE: That was uncleared land?

The WITNESS: Yes.

Mr. BENIDICKSON: Privately owned?

The WITNESS: Yes. We have also at Cold Lake an additional 50.2 acres at \$150 per acre, being a total of \$7,530.

The CHAIRMAN: Wait one minute. That does not quite add up.

The WITNESS: I will give you the reasons as I go along.

Mr. DICKEY: What was the total?

The WITNESS: \$7,530. We also have another additional 61 acres at \$52 per acre, which is a total of \$3,172. The total compensation for the 2,193.2 acres is \$69,600, an average of \$31.74 per acre. The total value of \$31.74 per acre is land alone and there must be added to this \$16,092 for buildings and \$20,999 for depreciation to the residue of property and also for forceable taking and disturbance. This forms an item of \$37,091 which together with the figure of \$69,600 for land makes a total of \$106,691. The difference in the figure of the total settlement of \$104,500 is accounted for by the fact that in each settlement the price agreed upon differs slightly to what actually could have been paid. In some cases it is possible to settle for a lesser payment; in other cases, so as to arrive at an amicable figure, we might pay another few dollars. The reason for the payment of \$150 per acre for 50.2 acres is that this area lies between the townships of Grand Centre and Grand Centre Station, ground that can be classified as township property. Many sales have taken place in the townsite and immediately adjacent thereto, and prices have ranged from \$50 for a lot, 50 feet by 150 feet, outside the townsite, to \$500 in the townsite. As 1 acre would make six 50 x 150 ft. lots, a price of \$300 per acre could conceivably be obtained for land immediately in the vicinity of the townsite. Consequently \$150 an acre is considered reasonable and far from exorbitant. Offers to purchase small areas of the land of which this 50 acres forms part of have been received from private individuals as it is ideally located in being close to the railway station grounds. The 61 acres purchased at \$52 an acre were owned by a Mrs. Poirier whose total holdings were 161 acres of which 81 acres were taken. The 61 acres in question were all that this party had

under cultivation, the balance of her holdings being unimproved land. These 61 acres were sown to alfalfa which is grown for the seed. Such alfalfa must be of top quality and as free of weeds as it is possible to keep it. Reseeding is only required about every five years and as she has been deprived of a good yearly income the extra compensation of \$7 per acre was added over and above cultivated land to justify Mrs. Poirier for her loss on alfalfa.

The CHAIRMAN: Will you tell us something about depreciation and how you arrived at it, and also forcible taking?

Mr. HERRIDGE: I suppose that is something for sentimental value.

The WITNESS: No. That never enters into the picture. First of all we will deal with depreciation. Suppose we take a farm that would contain 100 acres. Of this farm which contained 100 acres we would probably take 50 acres or 70 acres. The farmer who was operating this farm is not in the same position to have the same returns from this farm as he previously was and if his farm were put on the market for sale, he would not be able to obtain the same price because he would not be able to make a living out of it as well as he did when he had 100 acres. So, if we say we will take 50 acres of this farm, we quote a price on the land which may be \$100 an acre. We will pay \$100 for the 50 acres we are taking, then we take a depreciation of the residue of the land and pay 50 per cent of the value of the \$100 per acre. He might have a barn and some cattle and if he were only left with 50 acres, his barn is then too large and we have to depreciate his barn by 50 per cent of the appraisal we set on the barn. It varies of course from time to time, and sometimes the depreciation is more, and sometimes less. Then we have the 10 per cent. When we are able to arrive at an amicable settlement, this 10 per cent is to take care of the moving. These people might have a large stock—maybe 25 or 30 or 40 head of cattle and they all have to be moved. Then they have to find another place. That may take a year before they have re-located themselves so they are losing all their returns for one or two years.

Mr. HERRIDGE: It seems to me you try to be very fair.

The WITNESS: That is right. We try to be fair.

The CHAIRMAN: You still have to explain this forcible taking.

The WITNESS: That is included.

The CHAIRMAN: Anything further Mr. Herridge?

Mr. HERRIDGE: No, except this forcible taking.

The WITNESS: That was included in the 10 per cent.

By Mr. Harkness:

Q. Does this list we have been given include all of the land taken from private persons?—A. It includes all the settlements that have been made up to date. There are still four outstanding settlements which have not been made and one is with the province which is at \$15 an acre.

Q. And there are still three with private individuals?—A. Yes.

Q. And what is holding up the settlement with these people?—A. We have not just arrived at a right figure. They want more than we would recommend.

Q. I have a letter from Mrs. Hanson complaining bitterly about waiting since last December for settlement.—A. They have all been seen time and time again. We make a proposition, if they do not see eye to eye with us, we cannot force them into it and when we cannot agree, we cannot do anything but bring the matter before the Exchequer Court and try to arrive at some amicable settlement.

Q. When you expropriate these holdings apparently you do not do it the way ordinary transactions for farm lands are carried out. You do not just buy the farm, you pay for the land and then pay for the buildings and then pay so

much for dislocation. Why do you not just go and buy the land in the way any ordinary transaction along that line is carried out with so much an acre including the buildings and everything else?—A. From my experience at the Exchequer Court I know of hundreds of cases where we have to make settlement. If we are not successful in making a settlement outside, we have to treat the settlement in this way, to figure out the amount for the land and the value of the buildings on it, and even of the well or extra fencing. So when dealing with these people, we do not take advantage of them. We are fair with them.

By Mr. Decore:

Q. What about the disposal of these buildings you are not going to use?—A. I could not reply to that.

The CHAIRMAN: What do you mean.

Mr. DECORE: If you are not going to use them.

Mr. BENIDICKSON: That is up to national defence.

The WITNESS: Yes. In every case in purchasing land anywhere at all, we always make a very clear investigation of present day sales that are being made, and when it comes to arrive at figures for farm land especially, I have to turn around and be able to figure out what this land would produce per acre. Suppose you have it under cultivation, I have to tell you exactly what this land will net you per acre, and then I have to turn around and apply an amount against that land as rental which we use as 5 per cent of a certain fixed amount to arrive at rental to give you the price or the value of that land.

By Mr. Harkness:

Q. Have you any figures of any land in that area sold off prior to this expropriation?—A. (Pointing at a plan) I have here in the list—it is shown on this little plan. That would be about 160 acres which was sold for \$4,000. That is lot 27.

By Mr. Benidickson:

Q. When?—A. In 1950.

Q. Any improvements?—A. There were no improvements on it. I will give you what it was sold for afterwards. That works out at \$25 an acre, then afterwards this transfer was made and it was sold afterwards. There were 65 acres of clearing of heavy bush which was \$975—65 acres of breaking and clearing which was \$975 and then a well was installed \$45, so it comes to a total of \$5,995. This land was sold with these improvements for \$6,745, the land being \$750 and the improvements being \$5,995, and that gives a total of \$6,745. Improvements are bringing prices up for these lands.

By Mr. Harkness:

Q. Is that one of the properties you bought?—A. No that is another one.

The CHAIRMAN: Bring the map over and perhaps he could indicate the location to you, Mr. Harkness.

The WITNESS: (Pointing at a map) It is marked in blue.

The CHAIRMAN: Which blue mark?

Mr. HARKNESS: It is the one near the red.

The WITNESS: That is it right here. Then I have here also the south-east and south-west lot 19-62-1 as shown on transfer 1950 at \$32 an acre, not including the improvements.

Mr. FLEMING: The date?

The WITNESS: 1950. Heavy clearing \$900 of 60 acres—60 acres of breaking and clearing \$900, 66 acres of heavy clearing \$990 and 66 acres of breaking and clearing another \$990.

By Mr. Herridge:

Q. What do you call heavy clearing? Do you mean bush, and breaking up the land and making it ready for building purposes. What sort of bush is it?—A. Scrub bush, small trees. Suppose at one time it was ready to cultivate but was left idle and finally you have small trees growing there.

By Mr. Decore:

Q. There was some suggestion that there was a lot of muskeg. Is there any muskeg in this land?—A. I have a picture in my office of every farm and building.

Q. There is no muskeg there at all?—A. No.

By Mr. Applewhaite:

Q. I take it from what you have been telling us that considerable portion of the property you have taken over for this site was in use and under occupation?—A. Right sir, the majority of it.

Q. It was not all vacant or barren land?—A. No sir.

Q. With reference to the statement of particulars that we have on the second page—

The WITNESS: I would like to draw your attention to the fact that what we have here does not include land which we will be acquiring from the province.

By Mr. Decore:

Q. Is that for the site or the range?—A. It is for the site.

Q. There is still a settlement pending with the provinces.—A. Yes sir.

Q. What is holding up the settlement?—A. I really do not know.

Q. Have they not agreed to a price of \$15?—A. They have agreed to a price of \$15 and we have recommended.

Mr. APPLEWHAITE: May I ask about two items on the statement of particulars given to us. The second item on page two of appendix no. 37 gives H. Hardin. The buildings shown are one house, one barn, two old out-buildings, \$660.

The CHAIRMAN: Just a minute until he locates his file.

The WITNESS: I am looking for the breakdown.

Mr. APPLEWHAITE: Mrs. H. Hardin.

The WITNESS: Here it is. What is it you would like to know.

By Mr. Applewhaite:

Q. The list shows one house, one barn two old out-buildings \$660. Have you any particulars of the house?—A. Yes sir, the house—I also have a picture, but I have not got it with me, is a log construction on log sills. Gable roof, rough lumber covered. Shiplap floor. Partitions lumber. Bracket brick chimney. Fair construction and condition. The size of the house is 21 by 17 by 9 giving you a total of 3,213 cubic feet at 18 cents a cubic foot which gives you \$578. Also an extension of 3,213 cubic feet at 18 cents gives you \$231. Then you have got another old house. I do not know which one you are referring to.

Mr. APPLEWHAITE: I would like to stay with Mr. Hardin for a moment.

The WITNESS: This is another one. 19 x 15 x 10, 2,850 cubic feet, salvage value only \$50. Then you have got the barn. It is log on log sills with a straw

roof 33 x 16 x 8 feet, 3,424 cubic feet, and has a salvage value of \$50. The new barn is of log and number on log sills, gable roof, wood shingles and gable ends, log floor, no loft, is of fair construction and needs chinking—whatever that means.

Mr. HERRIDGE: It means filling the cracks with mud.

The WITNESS: 25 x 14 x 9, a total of 3,195 cubic feet at 13 cents x 415.00 and depreciation of 15 cents, giving a net value of \$353. So we have the house \$347, two old barns at \$50 apiece, the new barn at \$353, the land 60 acres at \$45 an acre and 96 acres at \$15 an acre giving a total of \$4,840.

By Mr. Applewhaite:

Q. That price you show for buildings, is that for the purchase outright of these buildings?—A. Yes, sir.

Q. That is not just an allowance for their depreciated value?—A. No. This is all purchased outright.

Q. Was that house occupied at the time?—A. I could not say as to that.

Q. I wonder if you would mind referring to the last one on the list. J. & W. Reed.. The item reads: One house, one garage and storehouse, two hen houses, one barn, one pig house, one milk house, two sheds, one granary, \$4,655. Could you give us the particulars of the house?—A. Yes, sir. The house is one-storey frame construction on a three-foot concrete foundation, gable roof, rolled roofing, bracket brick chimney, half-size dugout basement, outside walls building paper and shiplap, inside wallboard, tongue and groove floor with lino, shaving insulated, drop siding on hand to complete outside, fair construction, good condition; 24 x 20 x 12, 5,760 cubic feet, at 35 cents a cubic foot, making a total of \$2,023, depreciation at 5 per cent, \$101, value \$1,922.

Mr. HERRIDGE: No paint or anything like that?

The WITNESS: No. I have the pictures of these buildings but I have not got them here.

By Mr. Applewhaite:

Q. Do you know whether it was occupied when you bought it?—A. I could not say.

Q. Was that a purchase outright for the buildings or with depreciation?—A. That is purchase outright.

Q. In your opinion have you overpaid these people at the expense of the taxpayers?—A. No. I feel we are very reasonable both ways, sir.

Q. Do the occupants of the buildings feel that way?

Mr. ADAMSON: That is the best answer we have had in this committee yet.

By Mr. Applewhaite:

Q. I am asking you if you know if the owners of the buildings feel the same way?—A. I understand they do or they would not accept it. You must remember that we do not force them into it and they always have the recourse of the courts if they are not satisfied.

By Mr. McIlraith:

Q. That is pretty expensive because they have to hire valuers and lawyers?—A. Who pays?

Q. The landowner. He can recover part of it through taxation, but he only recovers part of it and has to pay in advance for his valuers.—A. I have yet to sit in a case where the judgment has been rendered and the plaintiff has had court costs to pay. It seems to be a practice with the Exchequer Court that either they feel sorry for the plaintiff or something and they never charge him with any costs.

Q. But he has to pay his own valuers and cannot recover against the Crown.—A. Only if he is paying them more than what is taxed by the court.

Q. I am very familiar with it and I know how bitter the feeling is because we have a great many expropriations going on in Ottawa and the Crown hires very well trained and experienced valuers and they prepare their evidence well, and the person whose home is being taken is in the position he must go and hire valuers when usually he does not have the cash to do it and has to get the case worked up without having the money to do it and has to be dragged through the courts. I have yet to see a case where they were satisfied.—A. I have two cases. One is Potvin. We were offering that man a price for his farm and the Court rendered a judgment which was less than what we were prepared to pay for an amicable settlement and the Crown is assuming the costs. The second is Mr. Lyons. I can give you case after case.

Q. I think I can mention them too.

By Mr. Applewhaite:

Q. Let us get out of the courts and back to the land. If my notes are right you said for land alone these purchases averaged \$31.74 per acre?—A. That is right, sir.

Q. In order to get the approximate average of \$54 per acre you would have to add in the cost of buildings, allowances for depreciation and so forth?—A. That is right.

Q. One other question. You referred to certain allowances you made these people for moving disturbance allowance. In cases of expropriation is not that allowance a legal right?—A. It is not a legal right. The courts can use it in their discretion. What they do do as a rule is they will give 5 per cent interest on the moneys from the date of expropriation until the date of the settlement.

Q. The allowance you made for disturbance was a matter of negotiation to which these people really could not lay claim?—A. No. The reason for that is if we are able to arrive at an amicable settlement we take into consideration what it would cost to go to court and that is included in that 10 per cent as well as moving and disturbance and so forth.

Mr. McILRAITH: With reference to this question of 10 per cent, has that not been allowed in all the supreme court cases in the last five years?

The WITNESS: I know nothing about the supreme court.

The CHAIRMAN: He is an Exchequer Court man.

By Mr. Wright:

Q. What is the type of land here that is expropriated? Is it a clay land or sandy land?—A. Where?

Q. At Cold Lake?—A. It is more of a gravel land.

Q. Is it a question of the provincial land people giving the type of soil?—A. No. We were there and looked at it ourselves. In this particular place it is gravel-loam which is good for grain and alfalfa; we have reports on that and it is very good for alfalfa.

Q. Judging from the buildings described, I take it it is not a first class agriculture area?—A. No. It is a new country being opened up and you will note from all the breakdowns we will give you, so much for certain lands and so much for other lands, that it varies.

Q. What distance is it from the railways?—A. Right near the railways.

Q. The railway was right there before the airport went in?—A. I have it right here on my map.

Q. It is all within what distance of the railways?

Mr. DICKEY: I think there was evidence on that from one of the previous witnesses that proximity of the railway was one of the reasons the service decided to accept the location.

The CHAIRMAN: Yes.

By Mr. Harkness:

Q. The railway has been extended from where to where since it was taken over?—A. (Pointing at map) Extended from Beaver Station to Grand Centre. At the moment I do not know just what the distance is.

The CHAIRMAN: About 6 miles from Beaver Station to Grand Centre.

Mr. HARKNESS: This line was six or eight miles from the railway until the people went in and extended it?

The CHAIRMAN: No. Three miles from the railway. The Beaver station is six miles from the Grand Centre station.

Mr. DICKEY: I do think it was an assumption that the extension has been made as part of this project; I do not think we have any evidence as to that.

Mr. FLEMING: Can the witness tell us?

The WITNESS: When we went in there it was there.

Mr. WRIGHT: Then that is all I want to know if it was there then.

By Mr. Wright:

Q. This part of farm, 50 some acres, sold for townsite, was that a surveyed townsite?—A. That was right near the railroad station.

Q. But was it a surveyed townsite when it was purchased at \$150 an acre?—A. No, it was not.

Q. What was in the town in the way of buildings or population when it was purchased?—A. I have that here. I believe there is a population of between three and four thousand people.

Q. I am asking what was the population when you people went in there?—A. That would not help you for the value of the land.

Mr. HARKNESS: What townsite has the three or four thousand people in it?

The WITNESS: Beaver Station.

By Mr. Wright:

Q. Are you saying there was a town there of three or four thousand population when you people went in there?—A. No. Not when we went in. I believe that is what there is there now. This is really only guess work; I have not any figures.

Mr. BENIDICKSON: We should not guess.

By Mr. Wright:

Q. If there was a population of three or four thousand people there would be a surveyed townsite?—A. The last survey just outside the town.

Q. What was the size of the survey in the town before this 50 acres was added?—A. I could not say.

Q. I do not say that there is any objection to the valuations that have been placed on this farm land, but it would seem to me that \$150 an acre for part of a townsite when there was no town there before—

Mr. BENIDICKSON: We had some evidence about the sale of some lots as lots not as acres.

By Mr. Whight:

Q. That would depend on what town was there before. But, judging from the type of land around it I would not think there was much of a town there.—
A. There was a town there.

Q. How many people lived in the town?—A. I cannot tell you that. But I will tell you when there is a reason for extra value to land. We can go right back here to Uplands where the land facing on Uplands was selling anywhere from one thousand dollars an acre to fifteen hundred dollars per acre and right behind you could not get two hundred dollars an acre. The same applies here. This is right on the border of a village where there will be a demand. I could quote you another case at Maniwaki where we purchased land; a man has sold a lot or two and we have got to turn around and pay more than for farm land because there is a potential value that exists. What that potential value is is guesswork.

Q. Well, there is a potential value for land close to a city but not for land close to a small town in northern Saskatchewan or northern Alberta.—
A. The potential value might be less but it will still be there.

Mr. BENIDICKSON: This is \$150 an acre not a lot.

Mr. WRIGHT: Can we get some idea as to the value of the land?

The CHAIRMAN: Will you find out how many people were in that village? As a matter of fact there is one witness very anxious to come before this committee and tell you all about this, Mr. Joe Dechene.

Mr. DECORE: I would suggest that the committee go out to Cold Lake.

Mr. WRIGHT: I think we can get the information here.

Mr. DICKEY: Following that up, did I not understand you to say that you had taken as one of your indications of the value of this land the fact that lots in a comparable area or right alongside it were being sold for \$50 to \$500 per lot.

The CHAIRMAN: A 50-foot lot?

Mr. DICKEY: 50- x 150-foot lots were selling for \$150 per lot?

The WITNESS: Yes. There was a potential value. You cannot say it is worth so much.

Mr. HARKNESS: There were three cases not settled.

By Mr. Dickey:

Q. From your experience of these negotiations would you consider that Mrs. Hansen had been writing Mr. Harkness to complain about being offered 54 cents an acre? I understand Mr. Harkness as indicating he thought that the price of this land would be closer to 54 cents than \$54. Was she complaining of getting too much?

The CHAIRMAN: That is not in the record, Mr. Dickey.

Mr. BENIDICKSON: It is now.

The CHAIRMAN: We were all fairly loose in our talk that day. I do not think we should be held to it.

Mr. HARKNESS: I said \$54 an acre seemed a high price for the land in that area and I still think it is because the average price of farm land in Alberta is around \$38 an acre and most of that land is much closer to markets, to railway facilities, to built up areas and so forth than this is. Also this land is on the edge of the wilderness.

Mr. DECORE: What about the value set by the provincial government of \$15 for low land?

The WITNESS: For the last couple of years I have done a little of everything.

The CHAIRMAN: How long have you been in this department?

The WITNESS: I was with the railways and was transferred to the Department of Transport. I have been with real estate since 1918. I am a farmer also. For the last couple of years with the return that these people have been able to obtain from their farms, the price of \$54 per acre does not cover the net profit they are making today.

The CHAIRMAN: In Alberta?

The WITNESS: Yes. A lot of these people are trying to re-establish themselves and they are having trouble because they cannot find farms for what we paid them.

Mr. DICKEY: What is the position in this Mrs. Hansen case?

The CHAIRMAN: Have you anything on that?

The WITNESS: No, I have not, sir, and there seems to be some difficulty about a fair price.

Mr. DICKEY: I expect Mrs. Hansen did not consider she was getting a big enough offer.

Mr. HARKNESS: Her complaint was that she was not getting \$54 an acre or anything like it.

The WITNESS: That all depends on the building. Everybody is treated on the same basis. I am most careful that way.

By Mr. Boisvert:

Q. I understand your department is an agency for expropriation in respect of the Department of National Defence?—A. We do some for them.

Q. When you get your instructions do you send an expert to proceed with the expropriation or the appraisal of the land or does the department?—A. We use our own men.

Q. Does it happen you are using also experts from agricultural schools?—A. When we have to go to court and for that purpose only.

Q. And I understand you establish a price?—A. That is right.

Q. Let us say that on a certain farm agreement cannot be reached, the case is then deferred to the Exchequer Court of Canada?—A. That is right.

Q. Can you tell me how many cases of expropriation you made last year which were carried out by your department?—A. We have done an awful lot sir. Probably 3,000.

Q. How many cases went before the Exchequer Court?—A. Two.

Q. And did the Exchequer Court sustain your method of appraising farms?—A. Yes sir.

Mr. DECORE: Going back to Mrs. Hansen, Mr. Harkness has a letter and apparently this lady feels she has a grievance. I wonder if Mr. Harkness would file that letter. I am sure the committee would like to do something to help Mrs. Hansen if she really has a grievance. Does Mr. Harkness agree to file the letter?

Mr. HARKNESS: It does not make any difference to me, but I do not see any particular value in that.

Mr. DICKEY: I thought Mrs. Hansen was complaining that she was being offered too much, and I think we should be satisfied that that is not our complaint.

Mr. HARKNESS: Mr. Dickey seems to be speaking in a very naive manner if he thinks anybody would complain of being offered too much.

By Mr. Adamson:

Q. You said that this land was gravelly. Does that mean composed of glacial?—A. I think so.

Q. And would that land grow good crops?—A. I would not say it is the best land. It would be all right for hay, though heavy clay is preferable for that, but it would be all right for wheat and probably barley and also if I had the same land I would probably try apples.

Mr. HARKNESS: You would not grow many apples there.

The WITNESS: Yes, because of the weather. I have an orchard at La Trappe, Oka, and we get very good results. It is the same kind of land, but the weather is with us.

By Mr. Fleming:

Q. Have you seen this land yourself?—A. I have only been there once.

Q. When was that?—A. I think it was in the early spring.

Q. This year?—A. Yes.

Q. Did you tour the area extensively?—A. No, just look at the farms.

Q. Did you see all these farms mentioned in the report?—A. No, I did not.

Q. How many did you see?—I just went to look over the site.

Q. Did you view any of these properties?

Mr. BENPICKSON: You have your own representative out there?

The WITNESS: Yes we have a man to look after all that. If we get into difficulty I go and have a look so as to set a value.

By Mr. Fleming:

Q. Within the department are you the person who has the responsibility for recommending in regard to settlements?—A. I do, sir.

Q. And you act in these cases on reports received from a subordinate officer there?—A. That is right.

Q. On the matter of forcible taking, on what elements do you apply the percentage?—A. On the value of whatever we pay to them.

Q. Does that include the amount you are paying for depreciation or severance?—A. Suppose we pay \$5,000, they would have 10 per cent of the \$5,000.

Q. In other words for the percentage of forcible taking you pay not only for the land taken, but also an allowance made for severance?—A. Yes, sir.

Q. You call this depreciation?—A. Yes.

Q. Do you apply a percentage for forcible taking or depreciation?—A. No. When we take an entire farm and the amount we take is about half the farm we pay 50 per cent, and the other portion we pay depreciation on.

Q. Looking at a specific case by way of illustration, take the A. Poirier case at the bottom of page 2. There you allow \$3,472 for the land you actually take. Then you made an allowance for depreciation on the remaining 80 acres?—A. That is right.

Q. Then proceeding to make a percentage allowance for forcible taking do you apply the percentage on the \$3,472 or the \$3,472 plus the sum allowed for depreciation?—A. That would be—\$2,384 plus.

Q. What is your answer?—A. We pay it on the whole amount.

Q. In other words you apply the percentage for forcible taking not only on the value of the land expropriated but also on the allowance for depreciation as well.—A. That is what was done in this case.

Q. When you speak about using everybody equally I suppose you start off with a fixed rate for the land. Nevertheless there must be some room for leeway in the matter of adjusting the values of the buildings and a depreciation on the residue land. You cannot work that out on a flat rule of some basis?—A. You mean residue?

Q. Yes.—A. We have got a schedule we work on.

Q. Can you quickly give us a breakdown of the amount respectively allowed for depreciation on the one hand and forcible taking on the other in

these half a dozen cases where you simply lump the two of them in the return made to the committee. For instance on page 2, Nelson, you simply lump the two together and call it \$2,600 which happens to be in excess of the land taken. With A. Poirier you again lump the two items depreciation and forcible taking together, and in that case they come to something less than a third of the allowance for the land. On page 3 you again lump depreciation and allowance \$4,759, which is approximately 26 per cent of the amount allowed for the land and buildings, and the next one H. Smith again you have lumped depreciation and allowance for force taking together at \$2,665, which is approximately 60 per cent of the amount allowed for the land. Then, on the last one J. and W. Reed you have lumped depreciation and allowance for forcible taking altogether at \$3,660, which is about 35 per cent of the total paid for the land and buildings.

Have you got a breakdown of the two items there so we can measure this? —A. The depreciation, as I explained before, is not on what we are taking, the depreciation is based on what is being left.

Q. We fully understand that, but you have not broken down the two items. You have simply given us the lump sum. Have you a breakdown that you can give us?—A. I think I have it here. Which one do you want first.

Mr. DICKEY: A. Poirier, page 2.

Mr. FLEMING: C. O. Nelson was the first one.

The CHAIRMAN: Yes, C. O. Nelson was the first one.

Mr. DICKEY: One hundred and twenty acres.

Mr. FLEMING: Mr. Chairman, may I say that if it is going to take some time I am content to have it in a written statement giving us a breakdown of the figures.

The WITNESS: You want it separately?

Mr. DICKEY: Let us get it on the record.

Mr. FLEMING: In these cases I have, there are five mentioned where the two items—

The CHAIRMAN: Let us have one example put on the record and then make a return giving us the others. Put the Nelson one on the record.

Mr. DICKEY: Give us both.

Mr. FLEMING: C. O. Nelson.

The CHAIRMAN: Oscar Nelson.

Mr. FLEMING: C. O. Nelson is the first one.

The CHAIRMAN: This is the one. Oscar Nelson L.S.D. 1, 2, 3 and 4. That is the one, a total of 480 acres.

The WITNESS: We have taken 120 acres and the percentage on the residue would be 25 per cent of the 360. The value of the land taken—there are 20 acres at \$45 which would be \$900 and an additional 100 acres at \$15 an acre, which would be \$1,500. That gives you a total of \$2,400. Then we work the value of the residue. We have 178 acres at \$45 per acre which gives you \$8,010 and you have 182 acres at \$15 an acre, which gives you \$2,730. That is a total of \$10,740 which is depreciated at 20 per cent which is \$2,148. We add 10 per cent for forcible taking—

The CHAIRMAN: This is what Mr. Fleming wants. Mr. Fleming, you have the value of the area which is \$2,400, then the value of the residue is \$2,148, which gives you a total of \$4,548. Are we agreed there.

Hon. MEMBERS: No.

The CHAIRMAN: Depreciation of the residue 20 per cent is \$2,148, which added to the value of the area taken makes \$4,548, then there is a disturbance

10 per cent which is \$454, that is 10 per cent of the \$4,548 and the total is \$5,002. That is the method of calculation. He will give you a return on the others.

By Mr. Fleming:

Q. Would he indicate the percentage of depreciation—do you follow?—

A. No.

Q. You take into account the extent of the land remaining and it is used as an integrated farm.—A. That is right.

Q. The other cases will show the percentage?—A. Different percentage as we go along.

Mr. ADAMSON: About this case of Long Branch—24 acres.

The CHAIRMAN: How would that arise this morning?

Mr. ADAMSON: They bought 24 acres at \$68,000 at a cost of \$2,800 an acre.

Mr. BENIDICKSON: And that is usually airport land. The Department of Transport is agent for Department of National Defence, though not probably in this instance.

Mr. ADAMSON: There is air force storage on it, and there is a REME workshop on it.

The WITNESS: I do not know. We did not do that.

Mr. ADAMSON: \$2,800 per acre is a fair amount.

The CHAIRMAN: We will have a witness at the appropriate time to give information on that matter. Thank you very much Mr. Ledoux.

Mr. DICKEY: I am glad Mr. Adamson says it is a fair price.

Mr. R. G. Johnson, President, Defence Construction Limited, called:

The CHAIRMAN: Gentlemen, when we adjourned on Tuesday Mr. Johnson was giving evidence. I think we can make better progress if we direct Mr. Johnson's views to specific matters rather than in a general way. There were two series of questions asked, one by Mr. Fulton and the other by Mr. Decore. Mr. Fulton will be back with the committee on Tuesday. He is at the present time in another committee and we will hold his answer until Tuesday. I suggest that Mr. Johnson deal with Mr. Decore's questions on Penhold now, and then we will deal with Mr. Fulton's questions at the next sitting.

By Mr. Fleming:

Q. You mentioned Penhold. I presume it is getting into something more specific. There is something of a general nature I would like to ask Mr. Johnson. On page 2 of his statement he refers to capital assistance in relation to that program for which provision has been made through the Department of Defence Production. I wonder if Mr. Johnson could prepare and bring us a statement of the outlays in that program. Parliament has authorized lump sums and I think this figure—speaking from memory—something like \$50 million. From the outset of the program could Mr. Johnson bring us the statement indicating how that money has been laid out.—A. I can do it with respect to construction.

Mr. DICKEY: I was going to observe—

The CHAIRMAN: What did you say?

The WITNESS: I said I could do it with respect to construction.

The CHAIRMAN: That is what he is talking about.

Mr. MCILRAITH: No he is not.

The WITNESS: With respect to construction, that is the only information we have.

Mr. FLEMING: With respect to the construction part. You would not have information with respect to tooling or equipping.

The CHAIRMAN: I understand we are discussing construction. That is what Mr. Fleming asked for.

Mr. MCILRAITH: No, he asked for all the capital—

By Mr. Fleming:

Q. If we can get on common ground with all this buzz here, we are not asking this witness to bring us any more information than he has. What I was trying to find out was how much information this witness has. Can you bring a statement indicating—I take it that it will be confined to construction, and will not include such things as equipment. You do not have anything to do with that do you?—A. We do undertake the installation of equipment, but we would not know the cost of the equipment itself. We are responsible for seeing it is properly installed.

Q. You would not have records on equipping and tooling. Your own records as to outlays would be confined to acquisition of land, building and the cost of construction.—A. We would not have anything to do with the acquisition of land and buildings.

Q. But you have the figure?—A. We would only have figures with respect to the actual cost of construction and the installation of equipment.

Q. Would you bring such list indicating how that money was expended.—A. I think we can give you quite a bit. I realize your questions are general and I want to make it quite clear that I can only bring certain parts of the information.

Q. I appreciate that your information does not cover the whole field, but perhaps you will bring us what you can.

By Mr. Adamson:

Q. Can you give us the cost of construction of the Orenda plant at Malton?—A. I can bring you the cost we have with respect to that plant.

Mr. MCILRAITH: Perhaps I can clarify this. Mr. Johnson would only be in a position to bring the cost of that part of it for which the plant received capital assistance.

Mr. ADAMSON: I am not asking the cost of the machinery. The machinery belongs to the government, and I am sure the plant does too, but what did it cost to erect the plant.

The CHAIRMAN: The statement that Mr. Fleming had referred to on page 2 was that:

As at February 16, 1953, this involved supervision of 16 construction contracts, having a total value of approximately \$42.9 million.

He was talking about capital assistance. Mr. Johnson will bring a statement in detail with respect to that \$42.9 million. That must include all the things Mr. Adamson asked for, and what Mr. Fleming has in mind, and perhaps what you have in mind, Mr. McIlraith.

Mr. MCILRAITH: There is quite a bit of confusion as to how capital assistance works, and the information Mr. Adamson was asking for is wider than the information the witness could give. The witness could only give the cost of the construction for which capital assistance was given.

The CHAIRMAN: That is right. That is exactly what he will give, and if that is not sufficient, Mr. Adamson will elaborate on his question.

Mr. ADAMSON: But in this case this building is still the property of the dominion government, therefore the dominion government paid for everything and the dominion government owns the building. There is no capital assistance. The dominion government built the building just as it would have built a barracks or a fortress or anything else. I would like to know how much it cost.

Mr. DICKEY: The federal government owns every building that comes under capital assistance. No one else has any title to them at all. That is the scheme of capital assistance. They are Crown-owned facilities.

The CHAIRMAN: We are going to answer this question to Mr. Adamson's satisfaction, leave Mr. Johnson with this. He will supply the answer.

The WITNESS: I will be glad to.

By Mr. Harkness:

Q. When Mr. Johnson brings a breakdown, would he put in the number of square feet which each of these factories, or whatever they might be considered—for example, I have an answer here tabled on March 18 in the House in connection with the John Inglis Company plant in the Toronto suburb of Scarboro, and it says capital assistance for construction was \$4,332,068. I also asked a breakdown of the number of square feet which comes to a total of 162,202 square feet, which gives of course a cost per square foot of \$23·2. That is an example of the kind of information we should have in this report so we can see the cost per square foot of the various buildings.—A. I will be glad to see the information is presented in that way.

Q. One other point. Have you any information about this John Inglis Company. Have you had anything to do with that?—A. I have no information here.

By Mr. Fleming:

Q. One further point of clarification. You read the last sentence on page 2 of your statement, under the heading capital assistance as though that meant 16 construction contracts was the total construction contracts to date. I may be wrong, but I thought that sentence indicated that that was the number of construction contracts currently under construction as at February 16, 1953. Is that correct, Mr. Johnson?—A. That was the number currently under construction.

Mr. FLEMING: I asked for the information as from the outset of the capital assistance program which I think does not go quite so far as you suggested.

The WITNESS: I have it in my notes that you said "from the outset", sir.

Mr. HARKNESS: One other thing in connection with this. If you have any figures in connection with what the cost of comparable factories has been I think it would be valuable to the committee to have that. For example, this factory cost \$23·2 per square foot. If you have the cost of another factory built in any area of a comparable nature the cost per square foot I think would be very useful to us.

Mr. ADAMSON: Or the refrigerator factory nearby.

The CHAIRMAN: Mr. Johnson probably did not build that refrigerator factory.

By Mr. Wright:

Q. I want to ask a question with regard to the statement on page 4 of your statement with regard to Canadian responsibility for projects which we are supervising for the Americans. In doing that supervisory work are we responsible for security on these sites?—A. Yes sir.

Q. We are fully responsible for security?—A. Yes we are.

Q. And we are fully responsible for everything which takes place on that site if anything is lost?—A. In so far as the construction is concerned, yes sir.

By Mr. Dickey:

Q. That is on sites where we are doing construction, is that it?—A. My answer only relates to projects which we have under our administration.

MR. WRIGHT: You are supervising our projects where Canadian contracts are involved.

By the Chairman:

Q. Mr. Johnson, are you doing all the construction work for the American government in Canada?—A. No, sir.

Q. What you say is that you are responsible for projects which you are supervising at their request?—A. That is correct, sir.

Q. That was what you meant?—A. Yes.

THE CHAIRMAN: Will you start answering Mr. Decore's questions on Penhold?

MR. FLEMING: Are you leaving Mr. Johnson's statement?

THE CHAIRMAN: I am leaving it only because—

By Mr. Fleming:

Q. There were a couple of questions I had. I will just run over these. On page 3, Mr. Johnson, about the tenth line, you put the figure of the contract authorized under the heading European operations at \$5.8 million. Are you in a position to tell us how much more construction is involved in the program of construction for European operations?—A. No. I am not in a position to give you that. We only get that information as the requirements are developed by the Department of National Defence.

Q. Then on page 5 down at the bottom where you have been speaking about the approval of expenditures you draw a distinction between those in the bracket \$25,000 to \$50,000 and those over. In the second last line you use the expression "each major project". What is a major project so far as amount is concerned? You say "The Treasury Board must approve the provision of funds to cover expenditures for each major project in the over-all program." What is a major project?—A. I think the interpretation of major project as I understand it for the purpose of this statement here is that the Treasury Board is advised by the Department of National Defence of the sites where they propose to carry out work and they advise the Treasury Board of their estimate of the cost of the work at those sites. At a large station it might involve a number of buildings; at some other site it might only involve one building. But for the purpose of my statement it might involve a number of buildings at one site or one building at another site which would be a project.

Q. Is that tied up by any particular regulation issued by the department with respect to Treasury Board approval?—A. I am sorry. You are questioning me about an arrangement between the Department of National Defence and the Treasury Board and I could not speak with authority on that.

Q. Does the Department of National Defence advise Treasury of their proposal for work at each site? I am wondering where this expression "major project" originated and what it is drawn from, whether drawn from some Treasury Board regulation that it lays down the amount where the Treasury Board approval is specifically required?—A. I cannot speak with authority on this, but I rather imagine it might go down to \$25,000, but I do not know that.

Q. Is there anyone who can speak with authority on that?

The CHAIRMAN: Mr. Davis.

By Mr. Fleming:

Q. On the next page you say "If, upon the receipt of tenders, the low tender is more than 15 per cent over the Defence Construction (1951) Limited estimate, we consult with the Department of National Defence before recommending an award." Now, if you have not already been asked that question, can you tell me how many cases there have been within that description and what action followed?—A. I have not been asked that question. The information could be obtained.

Q. Would you obtain that please and bring it to us. On page 16 under the heading "Security deposits and holdbacks", you say "A holdback of 10 per cent is retained from each progress payment made to the contractor until the total of the security deposit and the holdback equals 15 per cent of the contract sum." Now, that does not correspond precisely with the holdback in regard to mechanics liens in at least one province. Have you encountered any difficulty with regard to mechanics liens in these cases? Why are those percentages not higher?—A. It was my understanding—first of all we have not encountered difficulties regarding the Mechanics Liens Act.

Q. You have had no difficulties at all with mechanics liens at any time?—A. Not that I am aware of, sir. The percentage of 15 per cent I believe, is the same percentage that would apply in the Mechanics Liens Act of most of the provinces.

Q. You have some contracts where the holdback is 20 per cent?—A. Those are very small amounts.

Q. You are proceeding on a flat basis. If you are in any doubt about it would you clarify it?—A. We do not consider the Mechanics Liens Act applies under these contracts, but we endeavour to give labourers and material suppliers equivalent protection.

Mr. HUNTER: There are cases which say the Mechanics Liens Act does not apply to the Crown and that may mean Crown companies.

By Mr. Fleming:

Q. In the case of all these Crown corporations we have provisions for suing and to be sued and I would not be too sure that the Mechanics Liens Act of any particular province would not apply to such a corporation.

The CHAIRMAN: It might be. The witness is not sure.

The WITNESS: If I left the impression I was not sure, I can say I am quite sure we have not had this difficulty.

By Mr. Herridge:

Q. I have noticed press reports at times—not the command here—but that an area commander or area engineer, an undisclosed army spokesman, says so and so about the building, and then later an undisclosed spokesman of Defence Production says so and so and I have noticed in some cases it has caused confusion in the public mind. What is the policy with regard to press publicity of your department when you are undertaking construction?—A. The only press releases we normally give are with respect to the awards of contracts. If we are asked a question with respect to buildings we refer it to the Department of National Defence.

The CHAIRMAN: That is a newspaper term "undisclosed spokesman".

The WITNESS: I do not know of any instances of that kind, sir. I have never authorized anybody in Defence Construction to make a statement of that kind and I am not aware of any relating to that.

By Mr. Fleming:

Q. At the bottom of page 24 Mr. Johnson is dealing with the subject of physical progress and sums it up: "While the contracts, including increases, extensions, etc., awarded during the year 1952 were valued at \$167.2 million, the value of work put in place was \$165.6 million; so throughout 1952 work was being completed at about the rate it was being ordered and planned." I understand that Mr. Johnson is saying the rate at which his company is being asked to take on new work and the rate he is discharging contracts previously referred to the department have been in balance?—A. That is correct, sir.

Q. Now that we are near the end of March, 1953, can you give us any estimate of the picture for 1953?—A. Well, I would expect the extent of the program is such that we will probably be completing work a little faster than we are being requested to proceed with new work.

Q. In other words you expect in 1953 to reduce the total net backlog?—A. That is right.

Q. Can you give us an idea as to the extent of the backlog now? If you were not asked to introduce any new contracts from today on, how long would it take you to complete the contracts now on your hands?—A. That is a difficult question to answer because those projects that have been recently let and which are of a large size, such as the cantilever hangar, may take some time to complete, but apart from those very large projects if there were no new ones awarded, the program as I have indicated might be completed in something between six months and a year. But that is predicated on the provision there will be no new work. It is a theoretical question.

Q. We are trying to get some idea of the extent of this backlog?—A. With the exception of large projects we could complete a substantial balance of the work in six months.

Mr. APPLEWHAITE: Does backlogging in a sense mean contracts which have not been awarded but should have been?

The WITNESS: I understand Mr. Fleming to mean contracts already under way.

Mr. FLEMING: Yes. Contracts already in the hands of Defence Production Limited and the only cases where they are in your hands are cases where it is decided upon and you are to assume the task of supervising and carry out the construction.

By Mr. Adamson:

Q. These cantilever hangars, are they of Canadian design?—A. Yes.

Q. Are other countries using the same type of hangars?—A. I think the Canadian designers who designed this hangar studied designs in other countries. I could not say offhand. I suppose the Department of National Defence could.

By Mr. Fleming:

Q. With respect to the exception you made in regard to construction of cantilever hangars, are you in a position to say how many of those there are and how long it is likely to take to construct them?—A. There are six under construction, sir.

Q. Are they at widely scattered points?—A. At various centres from Nova Scotia to British Columbia.

Q. How long do you anticipate it will require?—A. A year and a half to two years.

Q. All six?—A. They were all let within a short space of time. Within two or three months of each other.

Mr. HARKNESS: In connection with tender call policy you say "An independent estimate of the cost is made by the corporation's head office estimating staff. Immediately the tender call closes the tenders are opened by a committee in the corporation's regional office." What is the composition of that committee?

Mr. DICKEY: Where is that?

Mr. HARKNESS: About in the middle of page 11. "Immediately the tender call closes the tenders are opened by a committee in the corporation's regional office."

The WITNESS: The members of the committee are the regional engineer, the regional superintendent and the regional secretary of the regional office of the Central Mortgage and Housing in the region concerned.

By Mr. Harkness:

Q. The report then comes in to you at head office?—A. It comes from the regional office of the Central Mortgage and Housing to the head office of Central Mortgage and Housing and then to me.

Q. Who reviews it at the head office?—A. In the head office of the Central Mortgage and Housing it is reviewed by the chief engineer of the Central Mortgage and Housing Corporation.

By the Chairman:

Q. Who reviews it in your head office?—A. It is reviewed by the engineers in my office and myself.

Mr. HARKNESS: The reason I asked is that one of the chief complaints I have heard from contractors is in regard to this putting in of tenders, and there is considerable suspicion in their minds—

Mr. DICKEY: Mr. Chairman, after all.

The CHAIRMAN: Let us have the question. He says he has heard some complaints. Complaints relating to what?

Mr. HARKNESS: I was just going to say there appears to be considerable suspicion in their minds as to how these tenders are treated, and that is why I ask this question.

The CHAIRMAN: There always is when construction contractors lose out.

By Mr. Harkness:

Q. I have had it suggested to me that there would be general satisfaction if some independent person,—a member of the contractors' association or something of that sort—could be present when these tenders were opened. Have you any comment on that?—A. Tenders are treated confidentially sir, and when a final recommendation has been made and contracts awarded all the bidders are advised of the order of the bidding, and there has never been any suggestion of any kind that the bidders have any objection whatever to what has transpired. They get a letter advising them of the order of the bidding. Every contractor who bids on our contracts is advised exactly how he stands and I have never had any complaints as a result of that practice.

Mr. ADAMSON: He is advised of all the bids.

Mr. DICKEY: Yes every one of them.

The WITNESS: As a matter of fact construction groups have commended our policy in that regard.

By Mr. Stick:

Q. Defence construction has certain sites listed in the maritimes. Does that include Newfoundland and Labrador?—A. Yes, it does.

Mr. HARKNESS: Could I—

Mr. STICK: I have the floor and I am going to hang on to it. May I have a list of your defence contracts in Newfoundland and Labrador broken down?

The WITNESS: Yes sir.

Mr. STICK: Let me know. I do not know whether you have buildings in Newfoundland or not, and that is why I am asking the question.

By Mr. Fleming:

Q. There is one question I should have asked earlier about these Cantilever hangars. What is the cost of these?—A. The cost is in the order of \$4 million.

Q. Each?—A. Each. I am giving you a round figure. The cost varies across the country, and the work is still under way, but they are in the order of \$4 million.

Q. And those were all ordered on a tender basis?—A. Yes, sir, a competitive tender.

Mr. DICKEY: I asked Mr. Davis, I think, when he was here before us to give us a statement about R.C.A.F. supply depots and the cantilever hangars. I do not think he ever got around to the cantilever hangars. I think it would be most interesting to the committee if we could get particulars of those hangars from Mr. Davis when he comes before us again.

The CHAIRMAN: That will be available. I am very much impressed with part of the evidence here. It came as a pleasant surprise to me. After Defence Production award the contract, they inform all the other people about all the tenders. It is not ordinary in commercial practices.

Mr. DICKEY: It is the practice with respect to construction tenderers.

The CHAIRMAN: Of that nature?

Mr. DICKEY: I think Defence Production does not follow that policy with respect to procurement in a commercial sense.

The CHAIRMAN: It could not be. Well, gentlemen, I thought earlier that we would somehow get around to Penhold. Let us get into Penhold.

Mr. WRIGHT: With regard to these cost-plus contracts, Mr. Chairman, can we be informed how the contractor is selected?

The CHAIRMAN: You are entitled to an answer, Mr. Wright, but do you mind waiting until Mr. Fulton's question is answered, he asked that same question. Then you will have the list of contractors in front of you and you can ask it by giving names.

Mr. WRIGHT: Can I ask the question about how the selection is made?

The CHAIRMAN: When you have the return to Mr. Fulton's question.

Mr. WRIGHT: I am not asking names, I am asking about the methods that are used to make the selection.

The CHAIRMAN: At that time you will be able to say why was such and such a company given this contract.

Mr. WRIGHT: I was not asking about any particular company. I was asking about the principle that governs their choice of a contractor for a particular contract.

The CHAIRMAN: Frankly, I asked the question myself. There are four or five different reasons in each case. That question will be answered.

Mr. HARKNESS: I have one other question on the subject of tenders. Mr. Johnson, do you know any cases in which work was actually started on a project whilst the work was still being advertised?

The WITNESS: No, sir.

The CHAIRMAN: Please start answering Mr. Decore's question now. He has been very patient.

Mr. STICK: I don't think we will have time to do very much now. It is nearly one o'clock.

The CHAIRMAN: We will get on with it, anyway.

There was a question I wanted to ask the committee. Easter Monday the House does not sit. We do not come back until Tuesday, the 7th of April. I expect every one of you will be back on Tuesday. I wanted to know if there is any reason why we should not have a meeting Tuesday.

Mr. DICKEY: No.

The CHAIRMAN: Then we will have a meeting on April 7.

The WITNESS: The R.C.A.F. Station at Penhold is situated approximately eight miles south of Red Deer, Alberta. During World War II it operated as a training station for pilots from the U.K. and New Zealand.

At the end of the War, its R.C.A.F. activities were terminated, the station turned over to Department of Transport and many buildings subsequently sold and removed. In 1951, under the impact of the Korean war, construction operations commenced, aimed at rebuilding and extending the station in readiness for occupancy by training squadrons of the R.C.A.F.

For this purpose, we have ten contractors engaged on the construction of 18 buildings, 6 other works, and 5 supply contracts.

The dollar value of these contracts amount to \$6,334,664 of which \$4,367,-586 represents the value of the work completed up to February 28, 1953. Of this latter amount \$3,950,297 has been paid, the balance representing a proportion of the hold-back which is made, pending the satisfactory completion of the work.

In May 1951, the first of a series of contracts was awarded for construction of the additional services and buildings required at Penhold. This contract was for the construction of 12 buildings. Since then contracts have been awarded for 6 additional buildings, and 6 other works. Some of these contracts have been extended to include further work.

The largest single contract at Penhold is that with Alexander Construction Limited for the construction of 12 buildings which was extended to include: an addition to a barrack block, supply and installation of kitchen equipment in the mess, supply of pallets—sectional shelving—and bin boxes for the Unit Supply Building, and the electrical distribution system. Of the 12 buildings in this contract one, the VHF/DF building, has been deferred pending the selection of a new site, 5 have been turned over to the R.C.A.F., 4 are on the point of completion and one, the Fire Hall, will be completed in April and the other, the barrack block and extension, will be completed in June. This contract was awarded in May 1951 and completions late in 1952 and early in 1953 are much later than we had hoped for. The delays stemmed from various causes, some of which applied to all buildings and some to only one or two buildings.

The major causes of delay which applied to all contracts were:

Weather—The summer of 1951 was very wet, which resulted in a high water table and hampered excavation and foundation work. Cold weather arrived early that year, with below zero temperatures being recorded in October.

Steel—Deliveries of both reinforcing and structural steel were slow in 1951 and not infrequently an erection crew was not available at the time steel was delivered.

Labour—The contractor's operations suffered from an inadequate labour force. Individual buildings were delayed because the contractor had to remove slabs or foundations of previous buildings before construction could commence, and because some of the sites were not finally determined for many months after the contract was awarded.

Mr. FLEMING: I do not want to interrupt, Mr. Chairman, but do we need to have Mr. Johnson read it now? We have all been given copies of it.

The CHAIRMAN: There is Table B with this statement, which is most interest and will have a considerable bearing on his answers.

Mr. FLEMING: I quite agree, but we have been given this now. Can't it go into the record as being read?

Mr. DICKEY: No, it cannot, Mr. Chairman.

The CHAIRMAN: What about the questioning on it?

Mr. HARKNESS: We will be able to question the next day on it. There are only a few more minutes before one o'clock.

Mr. ADAMSON: What does VHF/DF mean?

The WITNESS: Very high frequency direction finder.

Mr. DICKEY: Mr. Chairman, this brief should not be read into the record.

The CHAIRMAN: I gave some thought to the witness's original statement. I thought of placing it on the record, but I came to the conclusion if that was done there would be constant repetition and questions would be asked time and again about some matters. This Penhold matter is one that was raised on the floor of the House. There will be questions on it, a considerable number of questions. I think there is something to be gained from reading this. If I could be sure that everyone would read it and give it consideration, I would let it go into the record, but I cannot be sure.

Mr. HARKNESS: I think we should be sure of that. I think it is a pure waste of time to have this read.

Mr. GEORGE: We have tried that in other committees, but it did not work.

The CHAIRMAN: With the Penhold statement, you have table B, which gives you the details along with the change orders, as well as other information.

Then we will have to consider some of the questions asked about change orders. You will note the number which is set out in this return. In the light of that, you will have to give consideration to the request made for all charge orders over \$1,000.

Mr. JUTRAS: Mr. Chairman, I move we adjourn.

The CHAIRMAN: The meeting is now adjourned.

APPENDIX NO. 38

Questions by Mr. Fleming asked on March 19, 1953

(a) Have there been any cases where DND has been pressed to accept work by D.C.L. or C.M.H.C. when in the opinion of DND the work had not been satisfactorily completed in accordance with plans and specifications.

(b) At Namao give details of the difficulties and delays in taking over 250 married quarters (applicable to R.C.A.F. only).

Answer

(a) No.

(b) The contract for the construction of 250 married quarters at Namao was let by CMHC to the Bird Construction Company on August 3, 1950 and work started on approximately 9 September, 1950.

Some heaving of foundations took place due to soil condition and frost action. Arrangements were made for the contractor to effect repairs.

Following requests from DND to CMHC to have the contractor expedite the work, the first houses were presented for inspection by DND in April, 1952. Some deficiencies were noted in the finish of paint and trim, in the hardwood flooring and in the repairs done by the contractor to the damage which had resulted from the heaving of foundations. These deficiencies were all corrected and the first houses accepted in May 1952.

The present status of the contract is that 230 houses have been accepted and the remainder are expected to be completed during the present month.

(Tabled on March 26, 1953 by DND)

APPENDIX No. 39

Questions by Mr. Adamson asked on March 17, 1953.

With respect to warehouses at Cobourg and Long Branch, Ontario, please supply the following information:—

1. The acreage acquired for these warehouses and the amount of money paid for this land.

2. What is the extent of the project, namely, how many buildings, etc?

3. Why were these sites chosen?

4. What drainage was necessary with respect to the Cobourg site?

5. What is the estimated cost of fencing the Cobourg site?

Answer No. 1

(a) The total acreage acquired at Cobourg, Ont., was 249·8 acres. Settlement has been made for 123·8 acres for \$13,431.00. Expropriation proceedings on approximately 126 acres is not completed.

(b) The total acreage acquired at Long Branch, Ont., was 24·4 acres at a cost of \$68,320.00.

Answer No. 2

(a) Cobourg, Ontario. Six warehouse buildings containing 100,000 sq. ft. of storage space each. Included in one of these buildings is 36,000 sq. ft. allocated to office space. This building is used where a detailed issue depot

is in operation. In addition, there is an administration building containing 32,250 sq. ft., a central heating plant containing 3 15,000 pph boilers (coal) and a 2-stall fire hall and 25 PMQs.

(b) *Long Branch, Ontario.* Two warehouses containing 100,000 sq. ft. of storage space each. A RCEME Workshop containing 33,700 sq. ft. of space. Central Heating Plant 2 25,000 pph boilers (oil). Inflammable Stores Building containing 3,000 sq. ft. 2 Gate Guardhouses containing 225 sq. ft.

Answer No. 3

(a) *Cobourg, Ontario.* A careful study of a number of potential sites was made taking into account labour supply, housing, rail facilities, harbour facilities, land acquisition and utilities. As a result Cobourg was chosen.

(b) *Long Branch.* The expansion of the RCAF and the aircraft industry in the Toronto area made it desirable for the Army to vacate a large factory at Malton, Ontario. In order to provide alternative accommodation it was necessary to construct on a site in the vicinity of Toronto readily accessible to the main highway and railway communications serving the Toronto and Hamilton areas. An investigation of various sites precluded the use of all sites except the site chosen.

Answer No. 4

Cobourg. Storm drainage was installed to handle a quick runoff caused by the large paved and built-up areas in the Ordnance Depot. The drainage included sewers, catch basins, manholes and the necessary connections. The detailed amounts have been included in Item No. 9 of reply to a question asked by Mr. Fraser May 21st, 1952 and comprises:—

<i>Length</i>	<i>Sizes</i>	<i>Cost delivered to site but not installed</i>
7,460 lin. ft.	9"	.70 per lin. ft.
4,012 lin. ft.	12"	1.05 per lin. ft.
2,870 lin. ft.	15"	1.56 per lin. ft.
1,485 lin. ft.	18"	2.08 per lin. ft.
300 lin. ft.	21"	2.77 per lin. ft.
50 lin. ft.	36" Reinforced	8.66 per lin. ft.
315 lin. ft.	42" Reinforced	11.09 per lin. ft.
1,315 lin. ft.	48" Reinforced	15.86 per lin. ft.
265 lin. ft.	66" Reinforced	24.95 per lin. ft.
1,600 lin. ft.	72" Reinforced	29.10 per lin. ft.
3,875 lin. ft.	6" Sanitary	.55 per lin. ft.
270 lin. ft.	4" Sanitary	.40 per lin. ft.

The drainage was that which would be normally required at an ordnance site of this size.

Answer No. 5

Cobourg. Estimated cost of fencing is \$40,000.00.

(Tabled on March 26, 1953 by DND)

APPENDIX No. 40

Question by Mr. Applewhaite asked on—March 24, 1953

Does property constructed for the use of the R.C.A.F. in France remain the property of the Canadian Government? Is it at our disposal or not?

Answer

The Canadian Government has the right to remove from France, free of any restrictions, or to dispose of in France under conditions agreed upon with

the appropriate French authorities, any equipment, facilities or other moveable property, including prefabricated structures, for which the Canadian Government has made payment under this Agreement and to which a cost-sharing formula of the infrastructure program of the North Atlantic Treaty Organization does not apply. The lands, as well as that property to which the right of removal or disposal does not apply and fixed improvements that may be situated or constructed on such lands, shall remain in all circumstances the property of the French Government and shall be returned to it without giving rise to claim for any costs, rights or compensation by either Party.

(Tabled on March 26, 1953 by D.C.L.)

APPENDIX No. 41

Question by Mr. Fleming asked on—March 24, 1953

What allowance is permitted to contractors on cost plus contracts regarding patents?

Answer

None. The contract does provide however, that "D.C.L. shall indemnify the contractor against any claims, actions, suits, or proceedings in respect of any model plan or design of which shall have been supplied by or on behalf of D.C.L. to the contractor".

(Tabled on March 26, 1953 by D.C.L.)

APPENDIX No. 42

Question by Mr. Applewhaite, asked on March 24, 1953.

What are the items to which you referred in your statement as having been built in Europe with the co-operation of the Government of France?

Answer

This would include such items as the following:

- Station Armoury,
- Cannon Stop Butt
- Officers Quarters,
- Senior NCO's Quarters,
- Other Ranks Quarters,
- Combined Officers and NCO's Mess,
- Other Ranks Mess,
- Recreation Hall,
- 35 Bed Hospital,
- Protestant and Roman Catholic Chapels,
- Guard House,
- Laundry,
- Sewer and Water Services,
- Roads, Walks, Fencing and Grading.

(Tabled on March 26, 1953 by D.C.L.)

Defence Expenditure,
Special Committee on, 1952/53

(HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 18

TUESDAY, MARCH 31, 1953

WITNESSES:

Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited.

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

MINUTES OF PROCEEDINGS

TUESDAY, March 31, 1953.

(20)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. W. Benidickson, Vice-Chairman, presided in the unavoidable absence of the Chairman.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Decore, Dickey, Fleming, George, Harkness, Herridge, Hunter, James, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Power, Stick, Thomas.—(21)

In attendance: Messrs. R. G. Johnson, J. Kendall and C. Maxwell of Defence Construction (1951) Limited; Mr. H. A. Davis of the Department of National Defence.

Mr. R. G. Johnson was called. He made a correction on page 1, paragraph 4, second line of his statement on Penhold changing the date to February 28, 1953.

The Witness continued reading his statement on Penhold repeating the first page printed on page 503 of the evidence, and was particularly examined by Mr. Thomas.

Table B appended to his statement was taken as read and ordered incorporated in the record.

Mr. Johnson was momentarily retired after supplying answers to Mr. Decore's specific questions listed on page 442 of the evidence.

Mr. H. A. Davis was called and gave reasons for change orders at Penhold, was examined and retired.

Mr. Johnson was recalled, further examined and retired.

Mr. Davis was recalled and further questioned on change orders Nos. 2, 15 and 24 contained in part 2 of table B. Mr. Davis was retired.

Mr. Johnson was again recalled and his examination on Penhold continued.

At 1.00 o'clock p.m., the Committee adjourned to meet again on Thursday, April 2, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

MARCH 31, 1953.

The VICE-CHAIRMAN: When we adjourned last Thursday, Mr. Johnson was reading a statement on Penhold. I think all of you have copies, and I think we will proceed with this statement.

Mr. R. G. Johnson, President, Defence Construction Limited, called:

The WITNESS: I would like to draw attention to a typographical error in a statement distributed at the last meeting. Page one, re Penhold in the fourth paragraph relating to the dollar value of contracts amounting to \$6,334,664 of which \$4,367,586 represents the value of the work completed up to February 28, 1952. That date should be February 28, 1953.

Mr. PEARKES: I suggest the witness start again at the top of page one, and then we can have it all in the same copy of the minutes.

The WITNESS: I would like to do that.

The R.C.A.F. station at Penhold is situated approximately eight miles south of Red Deer, Alberta. During World War II it operated as a training station for pilots from the U.K and New Zealand.

At the end of the War, its R.C.A.F. activities were terminated, the station turned over to D.O.T. and many buildings subsequently sold and removed. In 1951, under the impact of the Korean War, construction operations commenced, aimed at rebuilding and extending the station in readiness for occupancy by training squadrons of the R.C.A.F.

For this purpose, we have ten contractors engaged on the construction of 18 buildings, 6 other works and 5 supply contracts.

The dollar value of these contracts amount to \$6,334,664, of which \$4,367,586 represents the value of the work completed up to February 28, 1953. Of this latter amount \$3,950,297 has been paid, the balance representing a proportion of the hold-back which is made, pending the satisfactory completion of the work.

In May 1951, the first of a series of contracts was awarded for construction of the additional services and buildings required at Penhold. This contract was for the construction of 12 buildings. Since then contracts have been awarded for 6 additional buildings, and 6 other works. Some of these contracts have been extended to include further work.

The largest single contract at Penhold is that with Alexander Construction Limited for the construction of 12 buildings which was extended to include: an addition to a barrack block, supply and installation of kitchen equipment in the mess, supply of pallets (sectional shelving) and bin boxes for the unit supply building, and the electrical distribution system. Of the 12 buildings in this contract one, the very high frequency direction finder building, has been deferred pending the selection of a new site, 5 have been turned over to the RCAF, 4 are on the point of completion and one (the fire hall) will be completed in April and the other, the barrack block and extension, will be completed in June. This contract was awarded in May, 1951 and completions late in 1952 and early in 1953 are much later than we had hoped for. The delays stemmed from various causes, some of which applied to all buildings and some to only one or two buildings.

The major causes of delay which applied to all contracts were:

Weather—The summer of 1951 was very wet, which resulted in a high water table and hampered excavation and foundation work. Cold weather arrived early that year, with below zero temperatures being recorded in October.

Steel—Deliveries of both reinforcing and structural steel were slow in 1951 and not infrequently an erection crew was not available at the time steel was delivered.

Labour—The contractor's operations suffered from an inadequate labour force.

Individual buildings were delayed because the contractor had to remove slabs or foundations of previous buildings before construction could commence, and because some of the sites were not finally determined for many months after the contract was awarded.

(The above paragraphs also appear on page 503)

Early in the fall of 1951 the R.C.A.F. requested that extraordinary steps be taken to speed up the work at this site in an effort to have the buildings completed for February 1952. Arrangements toward this end were made with the contractor to work extra shifts and to carry out a full scale operation through the winter. This "speedup" operation was cancelled on December 11 when it became obvious that the effort would not result in the station being ready before June or July. The extra costs incurred in the speedup were \$28,254.67; (overtime, \$10,174.90; extra work—labour \$5,120.34, materials \$5,003.01; sub-contractors, Sunley Electric, \$1,208.64; Lockerbie and Hole (plumbing and heating) \$1,738.08; overhead, \$3654.54, and fee (5%), \$1,345.46). Another phase of the intention to occupy the station early in 1952 was the decision to build a temporary heating plant and run temporary overhead steam lines to provide (1), construction heat for the contractor's crew and (2) occupation heat for the buildings as they were taken over by the R.C.A.F. Although the "speedup" was cancelled in December 1951 it was considered in the interest of the defence program that the arrangement to carry on winter construction on some of the buildings should stand. A plan to run a temporary overhead steam line from the boilers in two hangars to the supply depot and two barrack blocks was abandoned, (and the wood frames erected to carry the line dismantled) but the plan to use the temporary boiler plant to heat the other buildings then under construction was carried out. The arrangement was that Alexander Construction would build a temporary boiler house, install two volcano boilers supplied by the R.C.A.F., build the overhead lines and operate the system. The work was performed on the basis that the contractor would be paid the actual cost plus a fee of 5 per cent but in no event more than \$110,000. The actual cost was \$94,886.12 including fee. The contractor's accounts for both the winter heat and the speedup were audited by the Cost, Inspection and Audit Division.

If I may depart from a chronological presentation, Mr. Chairman, I would like to tell you that this installation which was originally planned for the 1951-52 season turned out to be needed for this present season. The contract for the central heating plant was awarded in March 1952 but it was not possible to have this system working for the 1952-53 Season. Two more temporary boilers were installed at Penhold this season and connected to the portion of the permanent underground steam distribution system completed last fall. The first temporary plant was also connected to the underground—that is the steam distribution system—and both plants are being used to heat all the new buildings as the central heating plant will not be completed until September. The cost of installation of the two additional boilers amounted to \$39,356.32; the operating cost for temporary heating 1952/1953, which is principally

occupation heat, has not yet been determined. It is, however, estimated at approximately \$40,000 and will be subject to a cost audit.

We have six other contracts at Penhold with the Alexander Construction Company.

1. Construction of water and sewer distribution system. The contract was awarded in September 1951. I might say, Mr. Chairman, that we received only one bid for this contract. Normally when that happens we re-call tenders, but in this case as the bid was well below both our estimate and D.N.D.'s, and because we were anxious to get some of the work completed before freezeup we decided to award the contract at the quoted figure. Work on this contract was hampered by the high water table and of course had to be discontinued during the winter months. In July of 1952 an investigation of the water supply indicated that the station when fully manned would require a supply of some 200 gallons a minute. During the war, Penhold's water was supplied by two wells capable of delivering a total of 90 gallons a minute. One of these had not been used for 5 years. Alexander's contract was extended to include rehabilitation of the disused well and drilling two new wells. This work was sub-contracted to International Water Supply Company. Well No. 1 was cleaned and repaired in May and June and tested in August. Well No. 3 was drilled in between July 23 and September 5 and Well No. 4 between August 15 and October 15. The extension to Alexander's contract was on a firm price of \$13,257.66 each for drilling new wells—including pipe and pumphouse. The two existing wells were both 275 feet deep—Well No. 3 produced a satisfactory flow at 105 feet but Well No. 4 had to be drilled to a depth of 329 feet. The repair of Well No. 1 was of course on a cost-plus basis because the extent of work could not be pre-determined. The actual cost including fee was \$1,191.55.

2. Construction of Ground Instructional School. This was awarded in December 1951, but work did not commence until April 1952, when the first car of reinforcement was delivered. There was a series of delays waiting for reinforcing through the spring and summer. Then in October work was held up for two weeks while consideration was given to altering the specified reinforcement to provide for more readily available type of steel. A further delay occurred waiting for the designer to turn out drawings for the placement of reinforcing—these were not received until December. Completion is expected early this fall.

3. Construction of Officers' Mess and Trainees' Mess. This job was awarded in April 1952. Progress on these buildings was slowed by rain in May and June and through the summer by the inadequate labour force. By the end of August one was ready for structural steel and not long after that both buildings came to a stop until steel was delivered at the end of the year. Work is now going ahead but it is unlikely the buildings will be completed before fall.

4. Construction of a Central Heating Plant. The contract for the construction of this building was awarded to Alexander in March 1952. Construction started April 30 but the work was slowed by heavy rains in May and June. A shortage of carpenters in the area in midsummer contributed to slow progress. Foster Wheeler Ltd., which has the contract to supply and erect the 3 boilers, started erection of the first on November 15. This boiler was ready to steam early in January and the other two were well along. Since September the building has progressed quite well and it is expected to be ready by next September at the latest.

5. Underground Steam Distribution System. This work was awarded in July 1952. This installation calls for a particular type of pipe that is in short supply. Work did not start on this contract until some pipe was delivered

in September. About $\frac{1}{3}$ of the installation was completed before work stopped for the winter.

6. Construction of Headquarters Building. This contract was awarded in July 1952. Not much progress was made on this building in 1952, only the footings being poured when work stopped in November. Progress in the summer was retarded by the slow delivery of reinforcing steel. Completion is expected this fall.

Other construction works at Penhold are being carried out by five other contractors.

1. The Shrubsall Supply Company was awarded a contract in August 1952 to supply and install the remaining component parts of the Bulk Fuel Storage. This contract involves installation of tank car unloading equipment, pipe line to storage tanks, truck loading equipment, and installation of the two 25,000-gallon fuel storage tanks purchased under another contract. This work was carried out quickly.

2. A contract for Grading and Paving Roads was let to Assiniboia Engineering Company in September 1952. Work on laying the sub-base was carried out until late November. About 75 per cent of the sub-base was laid at that time. This work was going on at the same time as the sewer and water and underground steam lines were being laid. By co-ordinating these works prepared crossings were left in the sub-base at any point where an underground line was to pass under a road. Only in 6 instances was it necessary to cut the prepared road base and the sub-base was replaced as soon as the underground trench was backfilled. Completion is expected in July.

3. A contract to supply two 25,000-gallon steel tanks for fuel storage was awarded to Steel-Crafts Ltd. in February 1952. These tanks were delivered in June 1952.

4. Poole Construction Co. Ltd, was awarded a contract for the Sewage Treatment Plant in January 1952. In March this contract was extended to include restoration of the existing plant pending completion of the new one. The building for the new plant progressed satisfactorily but the mechanical equipment which was ordered in February was not delivered until December. The work is now completed except for a few minor items of equipment which have not yet been received.

5. A contract was awarded to the Canadian Pacific Railway to extend a railway siding at Penhold to serve the Unit Supply Building. This work will be carried out this spring.

Other contracts for supply of material or equipment were awarded as follows:

1. To Foster Wheeler Ltd.—to supply and install 3 steam generating units in Central Heating Plant.

2. To Dominion Bridge Co. Ltd.—to supply and erect structural steel for the drill and recreation hall. This contract will be assigned to the prime contractor when the construction contract is awarded.

3. To Timbersteel Structures—to supply laminated wood trusses for the drill and recreation hall. This contract too will be assigned to the prime contractor.

In addition to the foregoing contracts for new construction, the building maintenance section of Defence Construction (1951) Limited have awarded seven contracts at this station.

The Canadian Pacific Railway Company were awarded a contract for the rehabilitation of the railway siding into the station. The award was made on May 28th 1951 in the amount of \$8,430 which was subsequently increased to \$13,280. The whole of this work is completed.

Walter McKenzie and Company received a contract for the external painting of existing buildings. This contract, dated 31st July 1951, amounted to \$12,450 which was increased to \$12,830. This work is also completed.

On November 30th, 1951, McCready Johansson Ltd. received a contract for roof replacements to hangars 3, 4 and 5 amounting to 114,447. The whole of this work is completed and no change orders were issued.

Assiniboia Engineering Company Ltd. have been awarded two contracts:

On September 22nd, 1951, amounting to \$549,341 for the repairs to runways, aprons, taxi-strips and drainage. The amount of work, on a unit price basis, has been increased and the current value of the contract is \$909,541. This work is 95 per cent complete and completion will be effected in the spring.

The second contract to this company was awarded in January 1953 for the improvement of the road leading from the Calgary-Edmonton Highway to the R.C.A.F. Station, Penhold. A start will be made on this work in the spring.

The Poole Engineering Co. Ltd, received a contract on August 7th 1952, to provide and operate a 150 ton asphalt Mixing Plant. The amount of the contract was \$46,000 and the whole of the work is completed.

A contract dated October 23rd 1951, for testing and inspection services, incidental to the rehabilitation of the runways etc., was awarded to Engineering and Construction Services Limited of Edmonton, in the amount of \$11,000. This contract has been increased to \$25,000 and will be completed when the work to the runways is finished in the spring.

TABLE B:—PENHOLD

PART I—D.C.L. CONTRACTS

R.C.A.F. PENHOLD

Contractor and Description of Work	No. of Bids	Range of Bids	Original Contract	Change Orders	Total Com- mitment
		\$	\$	\$	\$
1. ALEXANDER CONSTRUCTION—					
A. 12 buildings.....	4	2,640,597 3,092,784	2,640,597	594,270	3,234,867
B. Water and sewer distribution.....	1		61,981	59,788	121,769
C. Ground instructional school.....	3	331,030 417,551	331,030	4,154	335,184
D. Officer mess and trainees mess.....	2	690,365 766,040	690,365		690,365
E. Central heating plant.....	2	546,388 650,550	546,338	105	546,443
F. Underground steam distribution system.....	1		562,958	5,808	568,766
G. Headquarters building.....	2	239,650 243,730	239,650		239,650
Sub-Total—6 Contracts 17 Buildings—2 Other Works.....			5,072,919	664,125	5,737,044
2. SHRURSALL SUPPLY COMPANY—					
A. Bulk fuel storage.....	2	44,362 59,623	44,362		44,362
3. ASSINIBOIA ENGINEERING—					
A. Grading and paving roads.....	1	292,600	241,820		241,820

PART I—D.C.L. CONTRACTS—Continued

R.C.A.F. PENHOLD—Continued

Contractor and Description of Work	No. of Bids	Range of Bids	Original Contract	Change Orders	Total Com- mitment
		\$	\$	\$	\$
4. STEEL CRAFTS LTD.— A. 2—25,000 steel tanks.....	5	10,498 16,360	10,498		10,498
5. POOLE CONSTRUCTION LIMITED— A. Sewage treatment plant.....	3	133,832 145,686	133,832	1,990	135,822
6. CANADIAN PACIFIC— A. Relocate railway siding.....			1,500		1,500
7. FOSTER WHEELER— A. 3 steam generators.....	1		150,357	434 cr.	149,923
8. NAPANEE IRON WORKS— A. 2 (oil) steam generators.....	7	21,940 36,089	21,940		21,940
9. DOMINION BRIDGE COMPANY— A. Structural steel—Drill hall.....	1		15,986		15,986
10. TIMBERSTEEL STRUCTURES— A. Laminated wood trusses—Drill hall....	5	15,125 23,500	15,125		15,125
TOTAL—PENHOLD.....			5,708,339	665,681	6,374,020

SUMMARY—10 Contractors.
15 Contracts.
18 Buildings.
6 Other Works.
5 Supply.

PART II—D.C.L. CHANGE ORDERS

R.C.A.F. PENHOLD

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	\$
ALEXANDER CON- STRUCTION LTD. I	A		<i>Unit Supply Bldg.</i>		
		3	Remove 6,000 sq. ft. of existing slab on site of new bldg.....	1,200	
		25	Supply of pallets and bin boxes.....	29,978	
		27	Install floor drains No. 3 washroom.....	155	
			<i>Standard Ration Depot</i>		
		5	Remove 21,000 sq. ft. of existing slab, col- umns, bases etc. from site of new bldg.....	4,418	
		32	Provide and erect overhead weigh scales for meat hangers, track and switch gear.....	4,300	
			<i>Three 180 Man O.R. Quarters</i>		
		2	Erection of 72 man extension to one of these buildings.....	138,599	
		15	Additional excavation for bldgs.....	1,270	
		29	Lowering ceiling of first floor.....	432	
		30	Changing 3" water main in building.....	512	
		24	Increasing size of wall and column footings...	1,759	

PART II—D.C.L. CHANGE ORDERS

R.C.A.F. PENHOLD

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	\$
ALEXANDER CONSTRUCTION LTD. I	A (cont.)		<i>Two Officers' Quarters</i>		
		6	Cost of moving 94,000 Bm. of lumber due to re-siting bldg.....	282	
		8	Cost of installing porcelain china soap dishes and grab bars to officers quarters.....	78	
		11	For additional excavation, backfill, forming and concrete due to design change in foundations, after work originally specified had been carried out.....	2,128	
		28	Installation of larger mirrors than originally specified, extra cost.....	97	
		22	Furring in pipes.....	5,560	
		23	Lowering ceiling of ground floor corridors (2 bldgs. at \$1,425.00).....	2,850	
			<i>Combined Mess</i>		
		1	Supply and installation of kitchen equipment not included in original tender.....	60,000	
		4	Additional field tile and gravel fill to building.....	977	
		13	Cost of moving materials from original site to new site.....	1,565	
		15	Additional excavation required to foundations of building.....	2,800	
		18	Additional cost of changing corridor walls from 4 in. to 6 in. concrete block.....	602	
		26	Obscure glass in wash rooms.....	323	
		31	Supply of 4 small convectors in place of 2 large. Extra cost.....	361	
			<i>N.C.O.'s Quarters</i>		
		7	Revised fire alarm system.....	1,107	
		8	Installing soap dishes and grab bars.....	39	
		10	Additional cost due to site revision.....	2,718	
		12	Additional cost due to redesign of foundations.....	2,526	
		22	Furring in pipes.....	2,780	
		16	Installation of vapour barrier.....	338	
		23	Lowering ground floor ceiling.....	1,425	
		28	Installation of larger mirrors than originally specified.....	48	
		14	Raising height of bldg. as instructed RCAF inspection group.....	3,822	
			<i>General to Contract</i>		
		4	Installation of complete electrical distribution system.....	141,000	
		17	Replacing quick-lag type panel.....	416	
		19	Relocation of existing power line.....	93	
		21	Energizing new sub-station.....	56	
		20	Providing temporary heating installation, including operation,—subject to cost audit. Ceiling.....	110,000	
		—	Speed-up operations (Subject to cost audit)...	28,300	
		33	Installation and housing 2 Napanee boilers..	39,356	
			<i>Total Change Orders on 12 Building Contract</i>	594,270	594,270

PART II—D.C.L. CHANGE ORDERS
R.C.A.F. PENHOLD

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	\$
ALEXANDER CONSTRUCTION LTD. I	B	1	Drilling Well No. 3.....	13,258	
		2	Repairing and overhauling fire pump gasoline motors.....	336	
		3	Additional quantities above those originally specified for ground services to bldgs. 6, 21, 27 and 38.....	30,140	
		4	Credit for pump house repairs to existing chamber and equipment.....Cr.	1,738	
		5	Supply and installation of storm sewer to serve Central Heating Plant and other buildings.....	1,781	
		6	Additional quantities above those stated in tender documents.....	1,561	
		7	Drilling Well No. 4.....	13,258	
		8	Rehabilitating Well No. 1.....	1,192	
			<i>Total of change orders issued on water and sewer distribution contract.....</i>	59,788	59,788
"	"	C	1 Revision of heating and ventilating design, condensate tanks, pumps and supply units, as addendum 102.....	4,154	4,154
"	E	0	Replacing of kalamein door.....	105	105
	F	1	Constructing concrete terminal entrance pits for connections to 12 bldgs. (as add. 103)...	5,808	5,808
			<i>Sub-Total—Change orders issued to date on all contracts held by Alexander Construction Ltd.....</i>		664,125
5. POOLE CONSTRUCTION LTD.....	A	1	Rehabilitating temporary sewage treatment plant.....	900	
		2	Additional excavation and gravel fill, forming and concrete to meet requirements of equipment.....	1,090	
			<i>Sub-Total—Change orders issued to Poole Construction Ltd.....</i>	1,990	1,990
7. FOSTER-WHEELER Ltd.....	A	1	Clarification only—No money involved.....		
		2	Changing collars and flanges from 8 in. down to 6 in.....	150	
		3	Extra cost of additional drawings.....	9	
		4	Additional cost for air duct elbows.....	70	
		5	Credit for omissions outlined in addendum No. 101.....Cr.	654	
		6	Amending contract to release security deposit which was not initially required.....		
		7	Cancelling change order 3.....Cr.	9	
			<i>Sub-Total—Change orders issued to Foster-Wheeler Ltd.....Cr.</i>	434	434
			<i>TOTAL CHANGE ORDERS issued to date on all contracts at PENHOLD.....</i>		665,681

PART III—D.C.L. (BUILDING MAINTENANCE SECTION) CONTRACTS

R.C.A.F. PENHOLD

Contractor and Description of Work	No. of Bids	Range of Bids	Original Contract	Change Orders	Total Commitment
		\$	\$	\$	\$
1. CANADIAN PACIFIC RAILWAY COMPANY— A. Rehabilitation of railway siding.....	1	.....	8,430	4,850	13,280
2. WALTER MCKENZIE AND COMPANY— A. External painting of existing buildings...	3	12,450 18,800	12,450	380	12,830
3. MCCREADY, JOHANNSSON LTD.— A. Roof replacements—Hangars 3, 4 and 5..	3	114,447 135,000	114,447	.....	114,447
4. POOLE ENGINEERING CO. LTD.— A. Provision and operation of asphalt mixing plant.....	2	46,000 80,000	46,000	.....	46,000
5. ASSINIBOIA ENGINEERING COMPANY LTD.— A. Repairs to runways, aprons, and taxi- strips.....	4	549,332 725,210	549,332	360,209	909,541
B. Improvement to road leading to station..	1	.....	42,452	.....	42,452
6. ENGINEERING AND CONSTRUCTION SERVICES LTD.— A. Testing and inspection services.....	1	.....	11,000	14,000	250,00
TOTAL—BUILDING MAINTENANCE CONTRACTS— PENHOLD.....			784,111	379,439	1,163,550

R.C.A.F. PENHOLD—Building Maintenance Contracts—Change Orders

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	\$
1. CANADIAN PACIFIC RLY.....	A	1	To cover actual quantities of work executed..	4,850	4,850
2. WALTER MCKENZIE & Co.....	A	1	Additional work to 3 Lean-To's not included in original contract.....	380	380
5. ASSINIBOIA ENGINEERING Co. LTD.....	A	1	Actual measured quantities of work executed in excess of estimated quantities.....	236,434	
		2	Actual measured quantities of work executed in excess of estimated quantities.....	99,575	
		3	Actual measured quantities of work executed in excess of estimated quantities.....	24,200	
				360,209	360,209
6. ENGINEERING & CONSTRUCTION SERVICES LTD....	A	1	To revise fee to accord with actual work executed on contract 5A.....	14,000	14,000
			TOTAL OF CHANGE ORDERS issued on Building Maintenance Contracts.....		379,439

Now, that answers generally the first section of the question asked by Mr. Decore, and I have notes on miscellaneous questions asked by Mr. Decore—No. 7—p. 443 of the Evidence I will read the questions, and then my answers.

The first question was:

I should like to know the exact cost of installing the temporary heating system which was operated with boilers brought in from New York. What extra amounts have been paid to the prime contractor as a consequence of installing the temporary heating system.

My answer is:

The two volcano boilers which were consigned to Penhold from the United States were diverted from another station, in order to provide temporary heating during the winter 1951-1952. These boilers arrived on December 17, 1951, having been delayed while customs clearance was arranged in Calgary. Further delay was caused by the belated arrival of the manufacturers' engineer to inspect and start up the units. They finally went into service on the 13th of February 1952 and were used continuously until the end of May, after which they were kept steaming through the summer to provide domestic hot water. They are currently being used to provide steam for part of the present steam distribution system. These boilers were a "free-issue", being part of a bulk order placed by the R.C.A.F.

By Mr. Decore:

Q. What do you mean by "free issue."—A. They were supplied by the Crown to the contractor.

By Mr. Adamson:

Q. The Crown paid for them.—A. Yes, the Crown paid for them.

By Mr. Dickey:

Q. And owns them?—A. That is right.

The WITNESS: The cost of installation of the boilers, operating costs, and running of temporary steam lines was covered by change order No. 20, dated April 4, 1952 to the prime contractor Alexander Construction Company Limited for a ceiling amount of \$110,000, based on cost plus a 5 per cent fee. The actual cost of this work totalled \$94,866.12 which amount was audited by cost audit division of the treasury inspection.

The next question was—

The VICE-CHAIRMAN: I may say that these questions appear on pages 442 and 443 of the minutes, number 16.

The WITNESS: The next question was:

What is involved in the establishment of an overhead heating system which it is said has never been used and which presumably will never be used as it is intended to have a central underground heating system?

The reply to that question is:

The overhead heating line was constructed in 1951 as part of a temporary heating system to enable construction to continue throughout the Winter as required by the Department of National Defence. This method is the most speedy and economical way of running temporary steam lines. A six-inch steam line leaves the boiler house and reduces to 4 inch, 3 inch and then 2 inch diameter at the extremities of the layout. The condensate return varies from 2½ inch diameter to 1½ inch diameter pipe. The steam line is fitted, at the required points, with 2 inch drain legs, valves, and traps. The line is supported on timber "A" frames, some of which are placed at 15-foot centres, while others at 20-foot centres. The steam line is lagged with 2 inch fibreglass insulation

and is waterproofed with two layers of felt. The boilers themselves are mounted on concrete bases and housed in temporary frame buildings. The line runs from temporary boiler house No. 1 (containing the two volcano boilers) to building No. 3 (N.C.O. and officers' quarters) building No. 4 (N.C.O. and officers' quarters), building No. 8 (N.C.O. and officers' quarters) and building No. 14 (combined mess). There is also a short overhead line from temporary boiler house No. 1 to manhole No. 31 where connection has been made to a completed section of the underground steam distribution system which serves building No. 12 (252 man barrack block), building No. 7 (trainees' mess), building No. 11 (180 man barrack block), building No. 10 (180 man barrack block), building No. 35 (central heating plant), building No. 22 (fire hall) and building No. 36 (unit supply depot). This latter section of the system is augmented by two additional Napanee boilers which have been operating since December 16, 1952, and are housed in temporary boiler house No. 2. There is also a short overhead line from boiler house No. 2 to manhole No. 36. The overhead lines have been used continuously since they were erected to supply construction and occupation heat. Their use will continue until the central heating plant, at present under construction, and the permanent underground steam distribution system, which is expected to be completed by September 1953, come into operation. At no time has any steam line been erected and not used. Timber "A" frames were erected, however, in January, 1952, to carry a proposed steam line connecting hangars 4, 5 and 6, with a branch down to buildings 10 and 11. No steam line was erected, however, and the "A" frames were removed in March, 1952. At that time, it was felt that it might be necessary to draw upon the steam units of the hangars to obtain sufficient heat. Enough supply, however, was obtained from the Volcano units to obviate the necessity of this overhead line.

I should point out, Mr. Chairman, that there will be a great deal of pipe salvaged when this temporary distribution system is dismantled. Furthermore the boilers are "package units" which can readily be moved to other locations, and are the property of the R.C.A.F.

The next question was: Were newly constructed roads already completed and ready for paving cut criss-cross for the purpose of installing the water, steam and sewage systems? If so, give reasons.

Although the contract for water, sanitary and storm sewers was placed some time before that for building and paving the roads, the exceptionally wet run-off in the spring of 1952 delayed the excavation by virtue of water-logged trenches, excessive pumping, etc. While the resident engineer endeavoured to co-ordinate the activities of the two contractors to the best of his ability, it was not considered good policy to delay construction of the roads, pending the laying of water, sanitary and storm sewers. Accordingly, it was agreed that the work should proceed on grading and laying the sub-base of the roads, omitting the sub-base wherever the services contractor's trench was in the immediate vicinity. This method worked extremely well. Cuts in the sub-base were made only at the following locations.

				Total
For water lines:	2nd St.	3rd St.	.....	2
For steam lines:	4th St.	4th St.	2nd Ave.	3
	at 2nd St.	at 3rd St.	Nr. 5th St.	
For sewer lines:	Inter-			
	section of			
	2nd Ave. &			1
	2nd St.			

A total of 6 cuts

As soon as the pipes were laid and the trench backfilled, the ground was consolidated and the sub-base replaced. No extra cost whatever has been incurred by this procedure. Only 75 percent of the sub-base has yet been laid, although all materials have been stock-piled for an immediate resumption of work in the spring.

The next question was: Were there any 48 inch cement culverts brought in and later replaced by 24 inch culverts? If so, what was the reason for the replacement?

My reply is:

The original design for the reconstruction of the airdrome called for some 36 inch and some 42 inch drainage pipe. Subsequently it was determined that a certain amount of "ponding" would not damage the runways and a smaller drainage pipe could be used. At that time 820 feet of 42 inch pipe and 1560 feet of 36 inch which was not required had been purchased by the Assiniboia Engineering Company and delivered to the site. The change in design resulted in a saving of \$16,640, after allowing the contractor \$5,000.00 for delivering the pipe to the site. The pipe weighed 685 tons and because of its weight and bulk was expensive to handle and transport. The pipe was taken to Calgary by R.C.A.F. trucks and used in the storm sewer system at No. 25 Air Material Base.

And the next question: Details of any R.C.A.F. or government equipment used by contractors in carrying out their contracts. If so, what arrangements existed with such contractors.

My reply to that question:

R.C.A.F. equipment at Penhold was used by both the Assiniboia Engineering Company and the Alexander Construction Company. When the Assiniboia Company was working on the runways an arrangement was made between the company's superintendent and the R.C.A.F. construction Maintenance Unit engineering officer for certain R.C.A.F. equipment to be available to Assiniboia, and for certain of the contractor's equipment to be available to the R.C.A.F. Rental rates were agreed upon and a tally was kept by the engineering officer of the equipment loaned and the periods of loan. The record of these periods was referred to A.F.H.Q. where it is now under review. Based on the rates agreed to at the site the balance due the contractor is \$1,258.78. Late in October 1952 the Assiniboia Engineering Company, because of a spell of bad weather considered it would be impossible to continue with the construction of roads at Penhold until spring. The company then removed their heavy equipment from Penhold. A week or so later the weather modified and it was obvious that the contractor should take advantage of the better weather to complete the base grade on some roads which would make the station more serviceable during this winter. By then Assiniboia had committed their bulldozer to other work but they agreed to bring their other equipment back and continue work on the roads if they could borrow a bulldozer from the R.C.A.F. They were granted use of the bulldozer for a total of 60 hours. No contract was negotiated—but the contractor agreed to use his equipment to build some temporary roads required by the R.C.A.F. at his own expense. This was an unusual arrangement made in an emergency in the best interests of the work. The R.C.A.F. had approved an expenditure of \$7,500 for temporary roads at Penhold. The arrangements with Assiniboia to return to the job in November limited the air force expenditure on temporary roads to about \$500.

Alexander Construction Company were caught by freezing weather when back filling the trenches for the Underground Steam Distribution System and urgently needed an additional bulldozer to complete the work before the

fill was frozen. The station commander permitted the contractor to use the R.C.A.F. bulldozer for a period of 12-16 hours. No contract was made to cover this arrangement. Rather it was reciprocating for the several occasions when the contractor had, without charge, made one of his cement mixers available to the R.C.A.F. for use on station projects and for loaning his equipment to the R.C.A.F. on numerous occasions for moving earth.

The next question refers to lights and lighting arrangements. Is there a bulk contract with the power company or are meters used?

As I understand it, this question refers to lights and lighting arrangements for the station generally. I might say, however, that our contractor has been obtaining electrical power from the R.C.A.F. That is to say, Alexander has been obtaining electric power from the R.C.A.F. and credit is being obtained from Alexander for the use of this power. The exact amount of the credit has not yet been determined.

As to the nature of the arrangements for the light obtained by these stations—

The VICE-CHAIRMAN: This is another question gentlemen.

The WITNESS: I am just explaining my answer. The light for the station is obtained through arrangements made by the R.C.A.F. and I am not familiar with these arrangements.

The last question is: What is the amount and nature of the contract with the International Water Wells concerning water supply.

My reply to that question:

The International Water Supply Company were operating on the site as a sub-contractor to the Alexander Construction Company. They were engaged to drill two additional wells, and repair an existing well. This Company were on site from May to October for the following purposes:—

Well 1.—Rehabilitation—May 29 to June 6, 1952. (This well was tested in August 1952.)

Well 3.—(Drilling new well) July 23 to Sept. 5, 1952.

Well 4.—(Drilling new well) August 15 to October 15, 1952.

During the last war, when Penhold was a fully active station, two wells (Nos. 1 and 2) were in operation, providing a total water supply of 90 gallons per minute. Well No. 1 had not been in use for approximately 5 years, the water supply for the station being met by Well No. 2. With the present extensions to the station a considerably greater supply of water was found to be necessary. The design figure based on an overall population of 3,000 people (including families) at 100 gallons per capita, per day, is a steady requirement of 200 gallons per minute. Accordingly, a Change Order was issued in the Spring of 1952 to the Alexander Construction Company for drilling Well No. 3 at a firm price of \$13,257.66 which covered the drilling, erection of pump house, electrical installation, power cable, and 4 inch cast iron watermain. We are informed by the contractor that his subcontract with International Water Supply Company for drilling and casing the well was in the amount of \$6,003. At the same time instructions were given for desanding and repairing Well No. 1 at an estimated cost of \$1,191.55. Instructions for the drilling for Well No. 4 were subsequently given and this operation commenced on the 1st of August 1952. A firm price of \$13,257.66 for Well No. 4 was approved.

The old wells (Nos. 1 and 2) are 275 feet deep, being identical in every way. A satisfactory flow of water was secured at 105 feet 5 inches in the case of Well No. 3 and at 329 feet in the case of Well No. 4. All four wells have been tested and are ready for service, their combined output being slightly in excess of 200 gallons per minute.

The VICE-CHAIRMAN: Now, gentlemen, I think the overall questions on Penhold came from Mr. Thomas. I should probably see him first.

By Mr. Thomas:

Q. Questions of a general nature. On what date were tenders called for the prime contract at Penhold? They were awarded when?—A. The contract was awarded in May 1951 to Alexander.

Q. When were tenders called?—A. Tenders closed on April 10.

Q. How many bids?—A. There were four tenders.

Q. The Alexander Construction Company was the lowest?—A. The Alexander was the lowest bid, sir.

Q. How many men—you say there is a figure of about 3,000 airmen on that when fully manned?—A. That is the basis on which the requirement for water was calculated.

Q. How many were on there during the war? Do you have that figure?—A. I would not have that figure. It could be obtained from the Department of National Defence.

Q. The original contract for this was for 12 buildings, and there were six further contracts awarded to the Alexander Construction Company. Were bids called on all of those other projects?—A. Yes sir, bids were called on all of those.

Mr. DICKEY: Is this summary of contracts being tabled?

The VICE-CHAIRMAN: You are referring to this part 1.

Mr. DICKEY: Yes.

The VICE-CHAIRMAN: Yes, that has been identified as table B, as filed at the last meeting. Cold Lake was table A.

Mr. THOMAS: That is the table on Penhold.

The VICE-CHAIRMAN: It is an appendix to Penhold but called table B, Penhold.

By Mr. Thomas:

Q. On page 2 of the report, on the fifth line down it says: "Individual buildings were delayed because the contractor had to remove slabs or foundations of previous buildings."

Was there any additional cost as a result of the removal of these slabs, or had that been taken into consideration in the original contract?—A. There was additional cost for removing these slabs which was covered in the change orders, which you will find in table B.

Q. Which is table B.—A. The very first item on the third page of the table refers to the removal of 6,000 square feet of existing slab on the site of the new building—\$1,200.

Q. That was not taken into consideration in the original contract at all?—A. You are quite right, it was not taken into consideration.

The VICE-CHAIRMAN: May I interrupt you a moment. You will recall that at the last meeting Mr. Johnson filed with us his statement in chief, and attached to it is this table Penhold. I said earlier this had been recorded in the minutes of proceedings number 17. Mr. Johnson started to give us that information and there read all of it this morning. Table B will be incorporated in today's proceedings.

By Mr. Thomas:

Q. Down near the middle of the page, extra cost in regard to the speed-up. There is a fee of 5 per cent on that. What is the significance of that?—A. The significance of that sir, is this, that we had a firm price for the carrying out of

the project in a normal fashion, but when it was decided to expedite this work by requesting the contractor to work overtime, and to take any extra ordinary steps he could to accelerate the delivery of these buildings, this meant that it was necessary for him to incur extra cost which we segregated and had audited by the cost inspection and audit division of the treasury. You will appreciate sir, that we could not at the time we asked the contractor to take this expediting operation forecast exactly what that might cost, so we told him to proceed and a record would be kept of the overtime, and any additional work or material required for this expediting operation. That was done and the profit allowed or fee allowed on that part of the operation was 5 per cent.

Q. What was the time limit set in the original contract for this work?—A. The original intention indicated at the time of the tender was that the work be completed in nine months.

Mr. FLEMING: That does not answer the question, Mr. Johnson.

By Mr. Thomas:

Q. In the contract itself, was there a time limit set? Was there a date of completion in the original contract?—A. It was February 1st, 1952.

Q. When were they completed?—A. As I have indicated in my general statement, five have been turned over to the R.C.A.F., four are on the point of completion, and one, the fire hall, will be completed in April, and the barrack block and extension completed in June.

Q. That is all in 1953?—A. Five have been turned over to the air force at various times in 1952.

Q. How many buildings were completed by that date, February 1, 1952?—A. None of the buildings were completed at that time.

Q. In other words the contract was not fulfilled?—A. As I explained in my general statement, there were reasons why the contract or was not able to meet the date that had been originally hoped for.

The VICE-CHAIRMAN: He has outlined these at the bottom of page one.

By Mr. Thomas:

Q. There was a definite date set in the original contract, was there not?—A. There was a time set in the contract for the completion of the buildings, but I may say that that time is the objective. There is no penalty for failure to meet that time. That was the time by which the contractor hoped to complete the work.

Mr. FLEMING: We have a clause that contains this date in the contract. Let us see if there really is a firm completion date as part of the agreement, and not a pious hope. Pious hopes are not much use.

Mr. STICK: Who has the floor, Mr. Chairman?

The VICE-CHAIRMAN: Mr. Thomas, but there is something being checked.

The WITNESS: The clause reads:

"The contractor shall complete and deliver the work to D.C.L. on or before the following date or dates or within the time or times herein-after provided, namely—"

and then it provides the date.

The VICE-CHAIRMAN: It is the standard mimeographed contract form, I would take it, that you use.

Mr. THOMAS: I wonder if that can be put in the record?

Mr. FLEMING: What was the date?

The VICE-CHAIRMAN: He is just checking.

The WITNESS: The reason I am checking is that I gave you the final date as being February 1, 1952. The date February 1, 1952 has been stricken out and May 31, 1952 substituted, and I am trying to check as to what reason there might be for that.

The VICE-CHAIRMAN: Could we get on, and that information could be checked.

Mr. THOMAS: It is pretty hard to go on without that information.

The VICE-CHAIRMAN: This will take a little perusal of the files. Mr. Johnson's officers could do that.

The WITNESS: I shall dig into the reasons for the changes. I do not know off hand.

By Mr. Thomas:

Q. At any rate, the dates they were laid down are important.—A. May 1952 is the date shown in the contract.

You mean the buildings were completed by that date, May, 1952?—A. None of the buildings was completed at May 1, 1952.

Q. In other words, if there is a contract to be completed by a certain date and it is not fulfilled, \$154,000 is paid for speed?—There were reasons why that was done to the extent of \$28,300.

Q. Is that the department's worry, or the contractor's?—A. There were conditions beyond the control of the contractor which meant he was not able to complete. It was our desire to have these buildings available more quickly and we took these steps to accelerate the delivery time of those buildings.

Q. You figured you would be only about a year and a half late in having them completed. When did the RCAF take over this station?—A. On November 6, sir, the RCAF took over the standard guard house, and on December 4, the standard unit supply building.

Mr. HARKNESS: This is all in 1952?

The WITNESS: This is all in 1952. On December 22, the standard combined mess, and on December 4, the standard officers and NCO's quarters buildings Nos. 4 and 8.

Mr. THOMAS: Under the sewer distribution system, on page 3.

The VICE-CHAIRMAN: Page 3 of Mr. Johnson's last statement?

By Mr. Thomas:

Q. Yes. In that statement on page 1, of table B, the original contract was for \$61,981.32, and there were change orders in the amount of \$51,000 odd, making a total of \$121,769. To what do you attribute the practical doubling of that contract?—A. The change orders, sir, in relation to that contract are set out in part 2 of table B under the heading of "Alexander Construction Limited".

The VICE-CHAIRMAN: Part 2.

The WITNESS: The list makes it \$59,788, and it is covered in eight change orders starting with drilling of well No. 3, \$13,258; repairing and overhauling fire pump gasoline motors \$336; additional quantities above those originally specified for ground services to buildings 6, 21, 27 and 38, \$30,140.

That is to say, the extent of the work required was considerably more than had been originally estimated.

By Mr. Thomas:

Q. What size of pipe is used in those wells, and of what type?—A. In the wells?

Q. Yes, in the wells?—A. 6½" pipe, sir.

Q. 6½" pipe; and what type of pump house would they have?—A. A frame pump house, sir.

Q. Just the ordinary simple type of pump house?—A. That is right, sir.

Q. When it comes to paying \$13,258 for drilling a well, I do not think there would be very many farmers in the prairies who would have a well.

Mr. HUNTER: There are not, anyway.

By Mr. Thomas:

Q. Under change order No. 3, what is this "ground services to buildings"?

—A. I have the details on that as follows:

Description	Additional Quantities	Unit Price	Increased Cost
6" C.I. water main...	1495 ft.	4·87/ft.	7280·65
4" C.I. water main...	330 ft.	4·15/ft.	1369·50
6" Valves and boxes ..	21	117·54 ea.	2468·34
4" Valves and boxes.	5	86·85 ea.	434·25
6" Fire hydrants.....	9	343·35 ea.	3090·15
1½" Cu. Service.....	430"	4·20/ft.	1806·00
1½" Shut-off valves...	1	44·85 ea.	44·85

By Mr. Herridge:

Q. What was that again, the cost of that valve?—A. 1½" shut-off valve, \$44.85. This covers the supply and the installation.

Q. Oh!—A. Then there are several items here for sewer pipes, as follows:

4" V.T. Sewer pipe...	85	2·00/ft.	170·00
6" V.T. Sewer pipe...	580	2·26/ft.	1310·80
8" V.T. Sewer pipe...	1070'	2·47/ft.	2642·90
10" V.T. Sewer pipe..	450'	3·03/ft.	1363·50
6" Concrete Storm ...	630	1·89/ft.	1190·70

Q. Is that 6", that \$1.89?—A. Yes sir.

Q. Cement pipe?—A. Concrete pipe.

Q. Thank you.

Description	Additional Quantities	Unit Price	Increased Cost
8" Concrete Storm..	320	2·05/ft.	656·00
12" Concrete Storm..	720	3·43/ft.	2469·60
15" Concrete Storm..	120	4·75/ft.	570·00
21" Concrete Storm..	55	7·10/ft.	390·50
Sanitary Sewer			
Manholes.....	9	267·75 ea.	2409·75
Storm Sewer			
Manholes.....	2	236·25 ea.	472·50

which makes a grand total of \$30,140.

By Mr. Thomas:

Q. Do you mean to say that all of these things were unforeseen expenses when the contract was let?—A. The contract was let on the basis of estimated quantities, and these items were found to be required over and above what had been originally estimated.

Q. In change order No. 8, the rehabilitating of well No. 1, what was installed there?—A. As I mentioned in my earlier statement, this well had not been used for five years or more, so this involved putting it into proper shape for use.

Q. Were there any obstructions in the pipe which would cause re-drilling within the pipe?—A. The main item involved there was the de-sanding of the well. It was cleaned out and de-sanded, and all silt removed.

Q. Under the grading of pavements and roads in your report, how many miles of road are there within the camp?—A. Well, I shall have to get that information for you.

Q. I should like to have it.

Mr. HERRIDGE: And could you let us have the width and specifications of the roads?

Mr. THOMAS: Yes, the specifications of the road and the number of miles.

By Mr. Thomas:

Q. Now, in respect to the heating system, what type of fuel is used?—A. Coal, sir.

Q. Have you got the details of the contracts for the supplying of coal?—A. The information on the supply of coal would come from the general purchasing branch of the Department of Defence Production.

Q. I should like to have some information from him at a later time, Mr. Vice Chairman.

Mr. HUNTER: May I ask a question?

The VICE-CHAIRMAN: I think we should allow Mr. Thomas to conclude.

By Mr. Thomas:

Q. There is one item here in connection with the unit supply building, in your table B, change order No. 11, which reads:

For additional excavation, back fill, forming and concrete due to design change in foundations, after work originally specified had been carried out \$2,128.

What type of change was there in the foundations and why?—A. The changes involved there were first: for back-fill, 368 yards at \$2.50 per yard, making a total of \$920. This was placed under the gravel sub-floor following the removal of the top soil. There was an increase in the size of the footings and a change of the forms for the same. That is a change in the form of the footing, from the forms which had been installed in accordance with the standard plan for the building. There were 35 yards of concrete at \$14.25 making a total of \$498.75. Labour and material changing forms, \$512.29, making a total of \$1,011.04.

The third item was for an increase in the height of the concrete of the inside sub-floor, four yards at \$14.25, making \$57; an increase in the form of the above 466 square feet at 22 cents a square foot, making a total of \$152.52; and for Pozzolith in an increased amount of concrete, \$37.44, making a total of \$2,128.

Q. What was the necessity for those changes?—A. It was considered necessary to increase the size of the footings. But the design consideration which led to that desire to increase the size of the footings would be a matter for the Department of National Defence to answer.

Mr. HERRIDGE: That means that the Department of National Defence changed its mind quite frequently.

Mr. THOMAS: You could leave out the word "quite".

The WITNESS: I would not say "quite frequently", but they did change their minds in this particular instance.

Mr. THOMAS: May we leave out the point in that statement. What changes were made in building No. 12, that is, in the other ranks quarters, and why?

The VICE-CHAIRMAN: Mr. Davis has suggested to me that perhaps you would like to have the reasons for the change in design, while we are at that point.

Mr. THOMAS: Yes, I would.

The VICE-CHAIRMAN: Mr. Davis said he would not take long. So perhaps we may hear from Mr. Davis from the Department of National Defence at this time.

Mr. H. A. Davis (Superintendent, Engineering and Construction Requirements, Office of the Assistant Deputy Minister (Requirements), Department of National Defence, called:

Mr. Chairman and members of the Committee, certain design changes stem from a decision to activate Penhold which was made in the winter of 1950-51 at the height of the Korean crisis.

At that time this was a high priority site. We had standard plans for buildings available in March, 1951, and at that time we made a request to D.C.L. to go to tender.

But detailed topographical plans were not available for the site, nor were data on soil conditions. Therefore we had to go to tender without this information, and with only tentative plans. As soon as the snow disappeared, accurate topographical details were obtained together with soil data which made it necessary to re-design the foundations and to re-site certain of the buildings.

Now, I can give you, in connection with this list which you have before you, details of the items which were covered by those conditions.

The VICE-CHAIRMAN: You are referring to what?

Mr. DAVIS: Quite a number of buildings.

The VICE-CHAIRMAN: The change orders are in part II of table B.

Mr. DAVIS: That is right. But before I do that perhaps I could explain one further item about the slabs.

At the time the original site survey was made in the middle of the winter, it was unknown that the old foundations had been left concealed beneath the snow. But when the snow disappeared, the site conditions were reviewed and where it was desirable to alter the site of the building in certain cases, that was done. In other cases, we had to provide for the removal of existing concrete.

In the individual items, the first is the unit supply building in change order No. 3, which was for the removal of a concrete slab. The standard ration depot. Change order no. 5 is for the same purpose.

In the three other ranks quarters, the 180 man quarters, change order 15, there was additional excavation for the building. That was due to soil conditions.

Mr. THOMAS: Was that because there was less back-fill?

Mr. DAVIS: I cannot give you the actual details of the soil at this particular point. We took soil tests throughout the site, and as a result of the report of our soil survey, it was necessary in certain cases to modify the foundations. That, I may say, is what we are up against at practically all sites. The standard buildings are designed with provision for modification of the foundation to suit site conditions.

Mr. THOMAS: There have been a lot of charges that some of these barracks buildings were placed on loose back-fill with resulting settling and damage to the buildings.

Mr. DAVIS: I might say that from two visits to Penhold and from an inspection of the buildings there was no indication which I could see that such action had taken place.

Mr. THOMAS: Speaking of inspections and inspectors, how many inspectors were on the job at Penhold?

The VICE-CHAIRMAN: That is for D.C.L., to answer.

Mr. HARKNESS: I have a couple of questions to ask.

Mr. HERRIDGE: I do not think Mr. Davis is finished.

Mr. DAVIS: The next one was on the Combined Mess change order No. 4, "Additional field tile and gravel fill to buildings." Following that change order No. 13 the cost of moving materials from the original site to the new site, and change order 15, "additional excavation required to foundations of building". On the next building under N.C.O. quarters, item 10, change order, addition costs due to site revision of 12, "Additional costs due to site revision", that was due to the re-design of the foundation. That covers it.

The VICE-CHAIRMAN: That is all referring to the soil conditions.

Mr. DAVIS: These were due to the difficulty of siting in winter and the fact that we had to modify the site of certain buildings, and also modify the foundations of certain buildings.

Mr. THOMAS: Was it decided to change the sites after construction had started?

Mr. DAVIS: I could not tell you whether construction had started in certain cases, but we changed the site as soon as we had the results of our soil tests.

Mr. THOMAS: I was wondering if construction had been started. There would be additional costs in that event, would there not?

Mr. DAVIS: I think the details would have to come from Mr. Johnson as to that.

The VICE-CHAIRMAN: While we have Mr. Davis, would you just conclude your questions to Mr. Davis? With your permission I should like Mr. Harkness to deal with Mr. Davis and then I think we can go back to Mr. Johnson.

Mr. DICKEY: You could say that change order No. 24 was the one which really started this?

Mr. DAVIS: That was of the same type.

The VICE-CHAIRMAN: Perhaps Mr. Harkness could go on at this point.

Mr. HARKNESS: Mr. Davis said that the topographical details and the soil data were not available for Penhold. Why was that? This camp was in operation during the war, and we must have had topographical data and soil data. Was such information not available in the files of the department with regard to this camp?

Mr. DAVIS: Not to the extent that was necessary for the reconstruction of the camp. During the war they were temporary wartime buildings. We are now putting up a permanent camp and we had to provide foundations for a different type of construction.

Mr. HARKNESS: Nevertheless, you must have had those topographical details and soil data on hand.

Mr. DAVIS: Again, not to the extent that was necessary for a site of a permanent camp.

Mr. HARKNESS: You said that it was decided in the winter to activate this camp, and that you did not know those slabs were there. There must have been, in your files, plans of the camp which would show where the buildings were, and which ones had slabs and so on?

Mr. DAVIS: I think if you will refer to the general story, it was explained that after the war the whole site was declared as surplus and turned over to—

Mr. DICKEY: The Department of Transport.

Mr. DAVIS: Yes. It was turned over to the Department of Transport. There were only a few buildings left on the station, and these slabs presumably were bits of the flooring and other parts of the wartime construction. In the middle of the winter, with snow all around, there was nothing to indicate the position of these remains of the wartime camp.

Mr. HARKNESS: I know. But in your files you must have had plans of this camp showing where these buildings were and where these slabs were.

Mr. DAVIS: Even if we had, I do not think that until the snow melted we could establish locations or the extent on the actual ground, so that you could correlate the actual plans with the ground conditions.

Mr. HARKNESS: According to my memory the snowfall is not very great in that country, and anybody with a small crowbar should be able to determine whether or not there were slabs on the site of the old buildings.

Mr. DAVIS: I do not think they get the same Chinooks at Penhold that they do in Calgary.

Mr. HARKNESS: I lived in that area for three years and I know it very well. Certainly I or anybody else with a small crowbar and a plan of the camp could determine whether or not there were slabs on the site of the old buildings.

Mr. DECORE: What year was that?

Mr. HARKNESS: 1925 to 1929.

Mr. DAVIS: I talked to the officers who went out on this original siting, and they said it was impossible at that time to locate the buildings accurately.

Mr. HARKNESS: Well, really, I find it impossible to believe that.

The VICE-CHAIRMAN: That is an observation.

Mr. HARKNESS: With a plan of the camp—and there must have been plans of the camp—it would have been an easy thing for anyone to determine where those slabs were. It seems to me that this was a piece of gross carelessness on the part of somebody.

The VICE-CHAIRMAN: Those are observations. Let us keep to questions.

Mr. HUNTER: You cannot expect a normal engineer to be as clever as Mr. Harkness.

Mr. HARKNESS: I did not hear that observation, Mr. Chairman.

Mr. JUTRAS: It will be on the record.

Mr. FLEMING: Might I ask whether the Department of Transport turned over this site to some other agency, or whether it was still used by the Department of Transport in trying to re-establish a camp at Penhold? Had the Department of Transport disposed of it, or was it still on charge to the Department of Transport?

Mr. DAVIS: My information is that it was still under the control of the Department of Transport. They may have leased some of the land out in the meantime for farming purposes, but I could not tell you about that without checking.

Mr. PEARKES: They had not actually sold any of it?

Mr. DAVIS: We have no record of it having been disposed of, but I could verify that for you.

Mr. DICKEY: Individual buildings from the site could have been sold.

Mr. PEARKES: I was only asking about the site.

The VICE-CHAIRMAN: Mr. Dickey.

Mr. DICKEY: I should like to ask Mr. Davis a question concerning the location of the slabs or any remains of the old temporary foundations. In the winter time would it not have been necessary for you to do it with sufficient accuracy so that a general contractor could have considered that element in figuring out his bid in order for it to be of any real use?

Mr. DAVIS: Well, before the tenders were let, presumably the contractors went out and examined the site, and they would see the approximate location. I do not think there is so much difference in the site that from just a quick survey it would be impossible for a contractor to bid. But if there were subsequent changes to the design, that could be covered. He was asked to bid on the basis of a standard design with a standard foundation.

Mr. DICKEY: I understand that, but my question really is this: if you wanted to get the thing down to a firm basis, it would have eliminated all possibility of these changes being required as extra cost. And would it not have been necessary for any contractor to be satisfied to know exactly where those old remains were, and what would be involved in removing them?

Mr. DAVIS: Yes, and I might say that the whole object of trying to get a contract out to tender and to adjust these items later was because of the urgency and the need of getting a contractor on the job and getting the work organized. These were not changes in the sense that they were changes of mind. They were additions to the original contract, and were foreseen at the time the contract was let. They could not check into the details until they had this survey data.

The VICE-CHAIRMAN: Your question is related to the site?

Mr. HERRIDGE: Yes, it is on the same point.

Mr. HARKNESS: Would the wartime plan of that camp not show exactly where all those buildings were?

Mr. DAVIS: It should do that, yes.

Mr. HARKNESS: Was that wartime plan ever used in laying out the new siting of buildings?

Mr. DAVIS: They had a wartime plan available, but under the snow it is very difficult by walking around to site where a slab actually is. Even if they indicate that there was a slab under the snow, the removal of the slab is not an item which would make you change your building. Those slabs would have to be removed in any case.

Mr. HARKNESS: I object to the extra cost involved with respect to the slabs because of the idea which we were given, that nobody knew where the slabs were.

Mr. DAVIS: That was not the impression which was meant to be given to the committee. Those slabs would have had to be removed. It was not an item which could be foreseen when the contract was let.

Mr. HARKNESS: Why could it not be foreseen? The camp plan would show that the slabs were there quite absolutely and definitely. There would be no question if the plan was used in the laying out of the sites of the buildings. The plan would show where the new buildings were going to be built.

Mr. DAVIS: My point was that in the middle of winter, even with the plan in your hands showing the location of the wartime camp, if there is no mark showing above the snow, you cannot drive down a stick and locate slabs. Therefore I say how can you tell where such and such a building is situated. It would have fallen into another contract to remove the slabs, but the cost would still have been there.

Mr. HARKNESS: With a small crowbar anybody could tell the difference between a piece of concrete and a piece of ice quite readily. All you have got to do is jam it down.

Mr. MCILRAITH: But in the right place.

Mr. APPLEWHAITE: In connection with this \$1,200 item for a number of existing slabs, was there any other cost at Penhold for that difficulty, or was that the only instance?

Mr. DAVIS: There are other cases listed here for the removal of slabs.

Mr. APPLEWHAITE: In how many instances did that occur?

Mr. DICKEY: I think it shows a total of 2.

Mr. DAVIS: There are two which I can see listed here in this change order.

Mr. APPLEWHAITE: This is the one which brought the subject up.

Mr. DAVIS: That was the one.

Mr. FLEMING: May I put a question to Mr. Davis: Is it not an invariable practice to take soil tests before you undertake a project of this kind?

Mr. DAVIS: Normally that is so.

Mr. FLEMING: And the fact is that the engineers proceeded without a soil test, and this contract was let without the usual soil test?

Mr. DAVIS: The fact is that the conditions were such that in order to get the station activated by the required time it was necessary to get out standard buildings to contract, and to vary or modify them to the site later, which normally would have been done before the tender was let.

Mr. FLEMING: That does not answer my question at all.

The VICE-CHAIRMAN: Oh yes, it does.

Mr. FLEMING: I did not ask for an opinion.

Mr. McILRAITH: You have no right to make that kind of remark to a witness.

Mr. FLEMING: I certainly have. I did not ask for an explanation, I asked for the facts.

Mr. DICKEY: And he gave you the facts.

The VICE-CHAIRMAN: You may ask him again for the facts.

Mr. FLEMING: I repeat. My question is that in this case you proceeded without a soil test, and that the contract was let without the usual soil test?

The VICE-CHAIRMAN: He answered that.

Mr. FLEMING: We can get on much faster without all these interruptions.

Mr. DICKEY: He said it was not done.

Mr. FLEMING: Let us have a clear answer.

Mr. DAVIS: Would you mind repeating your question?

Mr. FLEMING: In reply to the previous question you intimated to me that it was customary to take soil tests before proceeding with projects of this kind. Was that done in this case?

Mr. DAVIS: In normal conditions it is customary to proceed with a soil test and a detailed survey before the selection of an individual site for a building. That is correct.

Mr. FLEMING: Was that done in this case?

Mr. DAVIS: In this case it was not possible to do it.

Mr. FLEMING: So it was not done. Is this one more of those cases where speed meant everything and cost meant nothing?

Mr. DAVIS: No. It is quite the reverse. In our desire to speed up things, we still wish to make provision for economies of construction, and the best way we could do that was to get out our original design, our tentative site plan, and get the contractors on the job at the beginning of the construction season. Our experience has been that when we have wanted to get all the details which you have mentioned, and then put our construction out to contracts, later on in the season then we have had to pay far more for the same buildings.

Mr. FLEMING: In this case the effect of having this contractor started was that when you came to awarding contracts for this work that arose out of the knowledge you acquired as to the soil and so on you did not have the opportunity of inviting tenders; this went to the one contractor.

Mr. DAVIS: That is right. But it is customary when there is going to be a change in certain items of work for unit costs to be included for that type of work. I think Mr. Johnston can answer for the extent that that was done in this case. And if that is so, when you have ascertained the amount of modification to your standard designs necessary the contractor is paid for that work on a unit cost basis. That would avoid any additional expense to the Crown.

Mr. FLEMING: I do not suppose you are in a position to tell us what would have been done if the information Mr. Harkness referred to had been gathered before this contract was awarded to this particular contractor.

Mr. DAVIS: We know it would have resulted in a delay of anything up to three or four months in awarding the contract and it was our feeling it would not only increase the cost but also delay the project.

Mr. FLEMING: Can you relate that delay with respect to this particular contract?

Mr. DAVIS: No. As I explained our responsibility is to produce designs and specifications.

Mr. HERRIDGE: At the bottom of page 3 on the Table B Combined Mess, item 1, supply and installation of kitchen equipment—

The VICE-CHAIRMAN: This is something quite different than site.

Mr. HERRIDGE: Yes.

The VICE-CHAIRMAN: I think we should leave that.

(Mr. Johnson recalled)

By Mr. Thomas:

Q. How many departmental inspectors were on the job at Penhold?—A. There was a resident engineer, an assistant to the resident engineer and four inspectors, and we also have at this site two consulting engineering firms, Messrs. Main, Rensaa and Minsos, inspecting sewer installation and water, and H. H. Angus, inspecting installation of central heating plant equipment and construction of the underground heating system.

Q. How often would these four inspectors make reports to the department, or would they report to the engineers and the engineers forward their report?—A. Well, these men were located at the site and there were frequent reports to the Winnipeg and Edmonton offices of Central Mortgage and Housing. The inspectors reported to the resident engineer daily and the resident engineer reported to the regional office twice a month. It was in an irregular fashion but there could be additional reports as the resident engineer saw fit.

Q. Could we have those reports tabled?

The VICE-CHAIRMAN: I think that would be in the nature of an internal report. I think you can ask him about the subject matter, but in accord with previous rulings we could not submit those reports from junior officers.

By Mr. Thomas:

Q. To get back to this building No. 12. What changes were made in that after it was framed?—A. The principal item of building No. 12 was indicated by change orders No. 2 on Part II of Table B: Erection of 72-man extension, \$138,599.

Q. Is that extension to the building or remodelling of the existing building?—A. That was an extension to the building. It was a new section.

Q. Were there any changes in the actual structure of that building outside of the additions?—A. Well, with respect to the O.R. quarters mentioned under that heading there were 4 items—I would have to check to make sure which ones related to building No. 12. The main item was in the amount of \$1,759 as shown on the table to increase the size of the wall and column footings. This involved extra excavation of 195 yards at \$2.78, a total of \$542.10; gravel backfill, 163 yards at \$4.50, a total of \$733.50; extra concrete, 30 yards at \$14.25, a total of \$427.50; extra formwork, 255 square feet at 22 cents, a total of \$56.10.

Q. Is that another result of not knowing the soil?

The VICE-CHAIRMAN: That again of course is a matter for National Defence to answer.

(Mr. Davis recalled).

Mr. DAVIS: The reason for that Change Order No. 2 was that the completion of the design for the 252-man barrack block had been made between the time that the original plans went out to tender.

Mr. THOMAS: That is the extension?

Mr. DAVIS: The extension.

Mr. THOMAS: It was Change Order No. 24 I was asking about.

Mr. DAVIS: That change order was a result of soil conditions. It is one of the change orders I should have mentioned when I went through the list and it was inadvertently omitted.

Mr. THOMAS: And Change Order 15, is that for the same building?

Mr. DAVIS: That is in the same contract. I cannot give you the details of which building it covered, but it was for soil conditions that those changes were made. I am advised that it does not apply to building No. 12.

(Mr. Johnson recalled).

By Mr. Thomas:

Q. Then, Mr. Johnson, the amount of Change Order No. 4 on page 2 of Part II for \$141,000 on the installation of complete electrical distribution system, is that an increase over the estimate or is that an entirely new item?—
A. That was a new item.

Q. There were no tenders called for that?—A. Tenders were not called for that.

Q. Then on page 3 there is a small item; replacing of kalamein door—the second item on page 3 of Part II. I am wondering what that is?—A. I will have that for you in a minute.

Q. The first item on that page, revision of heating and ventilating design. What does that entail? Is that a result of the change-over from temporary to central heating?—A. From the wording here it does not appear to be from that kind of a change. It appears to be a change in the original design for construction, but I would like to check that and give you the information.

The VICE-CHAIRMAN: Are you fairly close to concluding? There are quite a number of other members trying to give me the nod here. We have been pretty generous with one member this morning.

Mr. JOHNSON: I have the answer to your question on the kalamein door. The item was for \$105 and provides for the replacing of a single kalamein door, 4 by 7 foot door between the workshop and boiler room, with a double 5 by 7 foot door. The change was from single to double and a change in the dimensions.

Mr. DICKEY: What is a kalamein door?

The WITNESS: A hollow steel door.

Mr. DICKEY: A fire door?

The WITNESS: Yes.

Mr. THOMAS: The next item, concrete terminal entrance pits. What are those? That is on page 3, third item.

The WITNESS: That was to provide for the entrance into the buildings of the steam distribution lines.

Mr. THOMAS: That is all I have for the moment, Mr. Chairman.

The VICE-CHAIRMAN: Mr. Herridge, you have a question or so?

By Mr. Herridge:

Q. I have a couple of questions here arising out of an item on page 1 of Part II, which is the detail of a change order for the supply and installation of kitchen equipment not included in original tender, \$60,000. Is that additional equipment? Why was not an item so large as that considered in the original estimate, and what size of a kitchen is that equipment for?—A. The item is not for additional kitchen equipment, it is for the complete kitchen equipment installation.

Q. And what size of kitchen would this represent?—A. Offhand I would say that is provision for 500 men to 1,000 men, but I would like to check that. I believe it is for 1,000 men.

Q. Change order No. 26, obscure glass in washrooms, \$323. It is a small item, but it seems to me to be an item that one would include in an original estimate. Seeing the Department of National Defence has changed its mind so often, does that indicate a change in the standards of modesty after the contract was let?

(Mr. Davis recalled.)

Mr. DAVIS: We found from experience that it was necessary to put obscure glass in the washrooms and in certain of the lower storey windows, as you say, in the interests of modesty.

Mr. HERRIDGE: Then the standard had changed?

Mr. PEARKES: Is that the reason this obscure glass was installed?

Mr. DAVIS: That is one reason why these were put in.

(Mr. Johnson recalled.)

By Mr. Hunter:

Q. One of the reasons given for delay in the contract was the slowness of delivery of steel, particularly reinforcing steel, I judge, and structural steel. In the contract who is to provide that steel? Was the contractor to provide it or was Defence Construction Limited to provide it?—A. In most cases, sir, the steel was purchased as a result of a separate tender called by Defence Construction Limited, and when the tenders were received the contract was awarded. The contract was subsequently assigned to the general contractor. That particularly applied to large quantities. Where the quantity of steel involved was not great, it was left with the general contractor to purchase it.

Q. In the case of this contract with the Alexander Construction Company, was that the situation, that you people were to contract for the steel separately?—A. The reinforcing steel in this particular case was purchased by the contractor, but structural steel was in a separate tender by Defence Construction Limited. In other words, reinforcing steel, which had been the principal difficulty so far as steel was concerned at Penhold, was purchased directly by the contractor. The structural steel was purchased separately by Defence Construction Limited and the contract assigned to the general contractor, but the reinforcing steel was the main problem.

By Mr. Dickey:

Q. Who was responsible for the supply of that and for keeping deliveries up to date?—A. The general contractor is responsible for seeing to it that his material requirements are met. In the case of steel we had endeavoured to assist them from time to time. When the contractor indicates that he is having difficulty, we do endeavour to assist him by tracing the matter through the suppliers of the steel right through to the fabricators and to the mill.

Q. That is the responsibility, then, of that special division of your corporation, to expedite steel deliveries?—A. Defence Construction has a steel section that expedites steel deliveries.

Q. And were the steel problems during that period such as to make it necessary to have such a section?—A. The steel problem in the Spring and Summer of 1951 was an extremely serious problem and, as I indicated in my general statement at the first meeting at which I spoke, the impact of the Defence Construction program on the suppliers of reinforcing steel was most unusual. The demand for our program was approximately 25 per cent of the total reinforcing steel supplied in Canada, and we did have serious difficulties in trying to supply—or rather there were serious difficulties among the general contractors in their endeavours to get reinforcing steel at the times they would like to have it for their projects. We endeavoured to assist them through the steel section of Defence Construction Limited and through the steel division of the Department of Defence Production.

Mr. HERRIDGE: Mr. Johnson, I think I understood you to say earlier that there was no penalty for a contractor for not completing a contract on time. Now, did most of these people tender on these projects with a sort of understanding that the time limit does not mean much, that there will be no penalty if the contract is not completed on time?

The WITNESS: The penalty, as far as the contractor is concerned, is an increase in the cost of his overhead represented by the additional time it takes him to complete the job. In the construction industry conditions have been such that it has not been practical to impose penalties on contractors, and they will not tender on the basis of a penalty clause in the contract. The supply situation, the steel situation, and other factors are such that the contractors will give a time when they feel they can, if fortunate, make delivery, shall we say, provide the buildings, but they will not give a guarantee that they will provide them at that time, and, as I say, if they do not succeed in giving them at this time they do suffer by the prolongation of their own overhead due to the continuation of the job beyond the time they had originally estimated.

Mr. APPLEWHAITE: If a contract was binding upon them as to time, it would also prohibit you from making any major changes, would it not?

The WITNESS: That is correct, sir.

By Mr. Harkness:

Q. The appendix refers to this speedup which was decided upon in the fall of 1951. Who was it who decided that as a result of those extraordinary steps and the extra costs, which amounted finally to \$28,300, that the buildings could be completed by February of 1952?—A. Your question was, who was it that decided what, sir?

Q. Who was responsible for deciding that by expending this extra amount of money the buildings could be completed by February of 1952?—A. The situation was, sir, that the air force had expressed a strong desire to have these buildings in February if at all possible. We discussed it with the contractor. The contractor felt that it might be possible and an effort was made, and after some experience with the effort we came to the conclusion that it was not going to be achieved, and we therefore terminated the arrangement.

Q. Did the contractor take any responsibility for having these buildings ready by February, 1952, in view of the fact that he was going to get considerably increased sums for extra labour and materials, and so forth?—A. There was no advantage to the contractor in these extra items. These items represented extra costs to him, which he carried out at a very modest fee of five per cent.

Q. The point is, apparently this was a mistake, wasn't it? The buildings are not completed yet—over a year and several months after February, 1952 the buildings still are not completed; but still at this time, in the fall of 1951, somebody made the decision that money would be spent in order to have them by February, 1952. I am trying to get at who was responsible for that decision.

—A. As I mentioned earlier, a number of the buildings are complete. This was an effort to accelerate their completion. As I say, when it became apparent it was not going to achieve the desired results, the arrangement was terminated. When we recognized the fact that this expenditure, had we allowed it to go on, would have been a much more substantial expenditure, and when we recognized it was not going to give us the buildings by the time we had hoped, we terminated the arrangement. The expenditure of \$28,300 is in relation to contracts to the total value of something in the order of \$5 million. I think it was well worth our making an effort to achieve this, and the expenditure was a very modest one in relation to the total program.

Q. You still have not said who was responsible for this experiment which turned out to be a costly failure, as it happened.

Mr. McILRAITH: He did not say it turned out to be a costly failure. I do not think the witness can be questioned in that manner. The witness' previous answer did not say it was a costly failure.

Mr. HARKNESS: I think it is quite apparent it was a costly failure.

Mr. DICKEY: There is a witness here, Mr. Chairman. Mr. Harkness is not a witness.

By Mr. Harkness:

Q. I asked the question: Who is responsible. That is the question I asked.

—A. The Department of National Defence was responsible for the request that an effort be made to accelerate the construction of certain of the buildings at Penhold. Defence Construction Limited was responsible for the arrangement that led to the contractor carrying on this expediting effort.

Q. Who made the wrong appreciation as to the fact that this work could be completed?

Mr. BOISVERT: What is a wrong appreciation?

Mr. HARKNESS: It certainly was an incorrect appreciation.

Mr. DICKEY: Our great experts with hindsight are able to judge it as such!

Mr. HARKNESS: I merely asked the question, who made this appreciation which turned out to be wrong.

The WITNESS: The officers of Defence Construction Limited were responsible for negotiating this arrangement to expedite this work. My own opinion is that while the hope of getting a number of these buildings completed in February of 1952 did not work out, that the expenditure had some merit and that good judgment was exercised, after some experience, in terminating the arrangement, but there certainly was not a total loss of \$28,000 by any means.

Mr. LARSON: But is it not accurate to state you accelerated certain buildings, and it looks as if it was not worth the extra cost?

The VICE-CHAIRMAN: It is one o'clock, and Mr. Fleming spoke to me about the advisability of meeting Thursday. I think our previous decision was that we would meet Thursday, but if anybody has anything contrary to say, I think we could probably discuss it now.

Mr. FLEMING: I think it was mentioned at the close of the last meeting that we meet on Tuesday of next week. I do not think we discussed the question of Thursday. I understand that arrangements have been made by western members to leave tomorrow, and I think we should know where we stand.

The VICE-CHAIRMAN: Do you think we will have a quorum, gentlemen?

Hon. MEMBERS: Yes.

Mr. HERRIDGE: What about Tuesday? On Tuesday the members will all be here.

The VICE-CHAIRMAN: We discussed that at the last sitting, and it was felt we would have sufficient members to justify meeting on the Tuesday after Easter. I think Mr. Fleming is right, we did not discuss Thursday.

Mr. DICKEY: The House is sitting on both these days.

The VICE-CHAIRMAN: Well, we will meet on Thursday next.

The committee adjourned.

Special Committee on Defence Expenditure
HOUSE OF COMMONS
Seventh Session—Twenty-first Parliament
1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 19

THURSDAY, APRIL 2, 1953

WITNESSES:

Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited.

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

MINUTES OF PROCEEDINGS

THURSDAY, April 2, 1953.

(21)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Applewhaite, Croll, Dickey, Fulton, George, Henderson, Herridge, James, Jutras, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stick, Thomas.—(14)

In attendance: Messrs. R. G. Johnson, J. Kendall and C. Maxwell of Defence Construction (1951) Limited; Mr. H. A. Davis of the Department of National Defence.

The Chairman tabled answers to questions by Messrs. Fulton, Stick and Thomas with respect to

1. R.C.A.F. Station at Churchill,
2. Torbay Air Station, Newfoundland.
3. Grading of roads at Penhold.

Copies thereof were distributed and the answers ordered printed. (*See appendices Nos. 43, 44 and 45*).

Mr. Johnson was called. He supplied additional information respecting the date of the formal contract for Penhold to Alexander Construction Company, and was questioned.

Mr. Davis was recalled.

The witnesses were further jointly examined on R.C.A.F. Station at Penhold.

At 12.55 o'clock p.m., the Committee adjourned to meet again on Tuesday, April 7, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

APRIL 2, 1953.

The CHAIRMAN: Gentlemen, I have two answers this morning; one to a question asked by Mr. Fulton: "(a) Is there an RCAF station at or near Churchill, Manitoba? (b) Give details of purpose of station?"

(For answer see Appendix No. 43).

Another asked by Mr. Stick: "Give details of the basis on which the Americans use and occupy buildings and services at Torbay, Newfoundland?"

(For answer see Appendix No. 44).

The answers will be passed around.

Mr. Johnson has a correction to make. Will you give it please, Mr. Johnson?

Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited, called:

The WITNESS: At the last meeting I was asked about a change in the date of the contract with Alexander Construction Company and you may recall that I had first given the date of February 1 and noted in the formal contract it was shown as May 1, 1952. The contract was awarded on May 1, 1951, and as the contractor had indicated in his tender that he could do the work in nine months the acceptance of tender showed completion date as the 1st of February, 1952, and the formal contract was drawn with that date. When it was sent to Alexander Construction Company for execution in May the contractor had not been provided with complete siting information. He took the position that as he was not able to start work immediately without the full siting details and as it was apparent that arising out of that there would be certain changes in foundation design he should be given an extension of the period for completing the work and for this reason the date shown in the formal contract was extended to the 1st of May.

Mr. THOMAS: Was there ever any formal request made for a further extension on that?

The WITNESS: To my knowledge there was no formal request for a further extension.

The CHAIRMAN: There was a question asked by Mr. Thomas:

Under the grading of pavements and roads in your report, how many miles of road are there within the camp?

It is a long answer and there are copies available for the committee. (For answer see Appendix No. 45).

Now, Mr. Thomas, the witness is yours for the moment.

By Mr. Thomas:

Q. I was wondering what justification there could possibly be for being a year and a half late on the contract with a firm date attached to it when there had not been any further request for extension?—A. That request was at the outset of the work, before any actual construction had started. As I explained

in my evidence at the last meeting, there were a number of reasons for the construction not progressing as quickly as had been hoped at that time, and there was no necessity for the contractor to request a formal extension of the period.

Q. Well, then, would it be possible in that case that the contractor, knowing that there was going to be no penalty attached to it, was letting this work go and doing other private jobs which were taking some of his equipment that should have been used on this job?—A. That was not the situation. The contractor was prosecuting the work, and as I indicated at the last meeting the contractor had a large project there and obviously the continuation and prolongation of the work was creating extra expense as far as the contractor was concerned, and there was every incentive on his part to complete the work as quickly as possible.

The CHAIRMAN: Mr. Macdonnell.

By Mr. Macdonnell:

Q. I would like to follow up on two of the questions which have been asked. I had in mind a question that Mr. Thomas had asked, which I understand you answered quite definitely, that you were aware of the other business which the Alexander Construction Company had—that it was not of such a size as to operate to defer this contract in any way. For example, the shortage of steel, which was one of the delaying factors here—could that not have been caused by the other contract of the Alexander Company? Let me sum up this rather long question: Do you know whether the Alexander Construction Company had other contracts and whether they were delayed on those, too?—A. The Alexander Construction Company did not have any other contracts of any size at the time. They were devoting themselves primarily to this contract, and giving their attention to this contract. Their difficulties with regard to steel were not because of their trying to take care of other contracts. The difficulties with regard to steel were general at that time due to the tremendous volume of construction being carried out in Canada, which was such that delays in delivery of steel were common to construction projects generally.

Q. Mr. Fleming, I think, was asking last week as to the exact terms of the clause for completion. I don't think you gave him that, but at any rate I noticed you said this morning—

Mr. DICKEY: It was read into the record.

The WITNESS: I did give that answer, sir.

By Mr. Macdonnell:

Q. Now, I notice you said this morning there was no need for the contractor to ask further extensions because of the reasons you have given. In other words, I understood you to mean that the relationship between the contractor and Defence Construction Limited was such that you people felt it was reasonable to let him go along?—A. The situation, sir, was that we were pressing the contractor and the contractor himself was prosecuting the work to the best of his ability, but there were situations which had the effect of delaying the work.

Mr. THOMAS: What were some of those?

The WITNESS: We were cognizant of these and under these circumstances it was hardly necessary for the contractor to go through the formality of asking for an extension of time. We were quite cognizant of the difficulties and, as I explained to Mr. Thomas, the extension of time that the contractor asked for and which appeared in the formal contract was at the outset of the work

when he recognized, at that time, because of siting problems, he would not be able to complete the work in the time he originally suggested.

By Mr. Macdonnell:

Q. I am not going to take time on what I think was discussed last week, namely, the various delays which came up, but I cannot help just mentioning one of them because it strikes me as going to the very root of the whole plan. It says on page 2 of your statement on Penhold:

Individual buildings were delayed because the contractor had to remove slabs or foundations of previous buildings before construction could commence, and because some of the sites were not finally determined for many months after the contract was awarded.

Now, "many months"—could you make that a little more specific; that is a general phrase. Frankly, it seems to me that you asked the contractor to do a job when for many months, if I understand this correctly, he did not know what his task was, so that certainly put him in a difficult position, if I read this correctly.—A. That was one of the difficulties facing the contractor, that he could not start construction of the building without siting.

Q. When was he able to start? Some of the sites were not finally determined for many months. Could you be more specific on that and give us some instances of delays and the exact point at which it could be given, because as I understand it there are only two of these buildings handed over even yet.

Mr. THOMAS: Five.

The WITNESS: The longest delay, sir, is in connection with the guardhouse. Information on siting for the guardhouse was not given to the contractor until October of 1951.

By Mr. Macdonnell:

Q. Who would be responsible there?—A. On other buildings the siting was given to them in June and July. There is one building, the very high frequency direction finder, that I understand they have not yet been given the information as to the site of it.

Q. Who would be responsible for the siting, National Defence?—A. Yes, sir.

Q. What would be the cause of the delay, the difficulty of the winter survey?—A. I think, sir, that answer should come from National Defence.

Q. Now, I have some questions I wanted to ask about the winter survey. My colleague, Mr. Harkness, who is not here today, was a little skeptical on this. Is this the proper time to ask this now?

The CHAIRMAN: Yes.

Mr. MACDONNELL: Mr. Davis, I read what you said the other day and my question is a composite question. I think it was you who was asked why, as this was an old R.C.A.F. station, you did not have sufficient survey information to enable you to do the siting for the new buildings. You said, I think, that the old buildings had been surface buildings, more or less temporary, and that these slabs were not removed when the buildings were demolished. Is that correct?

Mr. DAVIS: That is correct, sir. Might I explain that after the war this site was transferred over to the Department of Transport and all but six or seven buildings were declared surplus, and in fact removed. Now, we understand that one of the terms of removal was that they should be removed completely and that would have involved the slabs as well, but in point of

fact it turned out that when we came back to that site, in certain cases the slabs had not been removed completely. When the station was reactivated in 1951, or taken back—

Mr. MACDONNELL: When were they supposed to have been removed?

Mr. DAVIS: During the period when the site was not in control of the Department of National Defence, between 1945 and 1950. Then it was decided to take back Penhold and reconstruct the station for use after the Korean crisis. We had the wartime plan of the station, but the actual station itself covers, I think, some 35 acres, and the survey party which went out to site the new construction, the siting party, rather, went out during the winter when it was impossible to examine the actual ground conditions and they had, therefore, to work—

Mr. MACDONNELL: That is where you and Mr. Harkness disagree.

Mr. DAVIS: That is correct, sir. They sited the buildings as closely as they could from the wartime station plan, and on the basis of that original siting, plans and specifications were given to D.C.L. to get the job out to tender.

Q. What do you mean by "as closely as they could"? I once dragged a chain on a survey, and I thought that when you had plans, they were plans.—A. If you were actually going to construct a building, you could not go out and site the actual foundations because it was not possible to make a detailed survey in the middle of winter which would enable you to site with that degree of accuracy.

Q. Will you just carry that one step further, because I would think that a plan was just as valid in winter as in summer, and I would think that the department, knowing what was under the ground—and even there, I would think as Mr. Harkness suggested, that perhaps if a crowbar would not do it, you would still have your drills. But at any rate, it is hard for me to believe that it could not have been done. Could it not have been done?—A. It could not have been done, sir, during the winter. We could not have sited those buildings in their final position.

Mr. APPLEWHAITE: You do not do your engineering with a crowbar.

The WITNESS: Most of the construction in that part of the country, is left during the winter. It is very difficult and expensive to get construction to go on during the winter.

By Mr. Macdonnell:

Q. That being so, and if that was recognized, was not, in fact, a bit of a chance taken, or was there some special reason? There seems to me to have been an extraordinary number. The change orders seem rather appalling to me in their number. Is that normal?—A. A number of these things, sir, are not change orders in the sense that they are normally understood. At the last meeting I went over a number of them and indicated that there had been additions to the contracts which had been necessitated by the method in which the contracts were let. We sent out standard buildings which had not been adapted to the actual site conditions and which could not be adapted until soil tests had been made and the actual detailed site had been completed.

Q. Well then, that would account for the delay; but I do not see how the mere fact that you had to wait accounts for the change. Did you find that actually your construction required alterations?—A. If I could go to the list, perhaps I could illustrate what I mean. Let us take the first item, 6,000' of existing slab.

Mr. STICK: On what page is that, please?

The WITNESS: That is in "D.C.L. change order, part II," Alexander Construction Limited, the first item.

The CHAIRMAN: Yes, the first item, "A".

Mr. MACDONNELL: Could I interrupt? I am not asking to have everyone of these gone into.

The CHAIRMAN: No, no.

Mr. MACDONNELL: Perhaps Mr. Davis could pick out some of the more important ones.

The CHAIRMAN: That is what he is trying to do at the moment.

The WITNESS: This first item is one which would have had to be carried out in any case. It was a question in which contract it could have been most appropriately carried out. Until the ground was clear and it was possible to see conditions on the site, it was not possible to specify the work which had to be done. Therefore, as soon as it could be seen that there was this amount of slab to be moved, that was specified and added to the contract, and the authority was given in the form of a change order.

There is another case where the design of the original O.R. quarters was for 180 men. But it was found that it was more economical to extend that building to take 252, rather than to build a fourth unit of 180. Therefore a change order was issued for the three O.R. quarters, extending one of those buildings from 180 to 252.

That item was additional work which was required to give additional accommodation, and which was changed from the first phase to the second phase in a standard building, rather than to let a second contract. It was done in the form of a change order to the existing work. That is change order No. 2 again in the Alexander contract.

There are a number of other items which I have specified, where modifications were made to the foundations as a result of site conditions.

Mr. MACDONNELL: Let us take change order No. 1, "combined mess". I take it because it is a substantial amount. That was the case where kitchen equipment was not included in the original tender.

The CHAIRMAN: That is in appendix 2, page one.

Mr. MACDONNELL: Was that matter gone into before?

Mr. JUTRAS: At the last meeting we went through all of that.

Mr. MACDONNELL: All right, I will pass on then.

Mr. DICKEY: I think that was left open, was it not?

The WITNESS: That is right.

Mr. DICKEY: You were not sure whether or not it was 500, more or less.

The WITNESS: I said I would check it.

Mr. DAVIS: We have checked it, and it was for 1,000 men.

Mr. MACDONNELL: I do not want to go over old ground.

The CHAIRMAN: You have the witness, Mr. Macdonnell, and you ask the questions.

By Mr. Macdonnell:

Q. The point is, why was the kitchen equipment not included in the original tender?—A. I can check that for you, but we have scales of equipment which have been approved for different messes, and it may be that in this

case the scale of equipment was not included in the original contract, and was subsequently added to it.

There are cases, when the design is not complete, it is more economical and will save time to put up the building itself and to add later to it the equipment which will go into the building and which will be installed when the outer part of the building is constructed.

Q. I have a few questions which I want to ask. As far as I can see, from a quick look of the minutes for the last two meetings which were covered, these are questions asked by Mr. Shaw on November 26 last.

The CHAIRMAN: Yes.

Mr. MACDONNELL: I shall ask some of them now.

Mr. PEARKES: Before we go on, may I ask Mr. Davis a couple of questions?

The CHAIRMAN: Surely.

Mr. PEARKES: Mr. Davis, you said that this airport passed out of the control of the Department of National Defence to the control of the Department of Transport, is that correct?

Mr. DAVIS: That is correct.

Mr. PEARKES: Did the Department of National Defence retain the right of possession of the land?

Mr. DAVIS: My information is that the whole of the land was made over to the Department of Transport; the whole site including the land remained in the custody of the Department of Transport.

Mr. PEARKES: Would you say it remained in their custody for administration purposes, or was it absolutely turned right over, with the Department of National Defence releasing all claims to it whatsoever? I know of another case where the Department of National Defence let the Department of Transport administer one of those airports, but still retained the right to say whether or not any building would be disposed of.

Mr. DAVIS: In this case the information I have is that, in regard to Penhold, in 1945 its building facilities were turned over to the War Assets Corporation and the Department of Transport. During the period 1945 to 1949 the War Assets Corporation disposed of the buildings except for seven hangars, five small buildings, a coal compound, and a water reservoir and pump house. During that period my understanding is that the department had no control over Penhold.

Mr. PEARKES: Would it be right to say that the Department of National Defence declared Penhold as surplus to requirements?

Mr. DAVIS: At that period, that is my understanding.

Mr. PEARKES: They turned them completely over. The only other question I want to ask is, can you tell us when the work recommenced in the spring of 1952, after the winter when you could not go on with your soil testing and so forth. When did the work on the construction of these buildings start up again after the attempt to spread out construction—prior to December, 1951—I think you said.

Mr. DAVIS: I think Mr. Johnson has given that information. Perhaps he could elaborate on it.

The WITNESS: Work on the project went on through the winter of 1951 and 1952, but not at the scale of overtime and terms of that nature that would involve substantial extra cost. In other words; the scale of operation was

reduced when it was realized that the cost would be out of proportion to the benefit that had been hoped for.

By Mr. Pearkes:

Q. When did it go into full production?—A. Normal construction operations were carried on throughout the winter. We did not require the contractor to work overtime, and to involve his sub-contractors in extra cost for overtime, and too great cost in protection of the work under winter conditions. We reduced the scale of operations, but we did carry on the work throughout the winter.

Q. I understood you to say that the cost of winter conditions, making the carrying on of certain construction work difficult, prevented you carrying out soil tests and so on. When did that work start up again?—A. I beg your pardon Mr. Pearkes, I was answering a question regarding construction operations, not the question of the soil testing and site arrangements.

Mr. DAVIS: It was in the spring of 1951 that resiting was carried out where necessary.

Mr. PEARKES: When were you able to get on with that?

Mr. DAVIS: As soon as ground conditions were such that they could get on the work. I understand the contractor then set out the buildings in accordance with the site plan that we had given him and, where it was found that the site plan, which had been given him in the winter, required modification, then that was referred to us, and the necessary steps taken. They varied in different places. There is a different date for the commencement of construction for each building.

Mr. PEARKES: Can you give us some idea as to when this final site plan was approved. Was it in March or May or July?

Mr. DAVIS: The information I have here is that Dean Hardy was requested to carry out soil investigations for the foundations of 12 buildings. This request was made early in April 1951. Dean Hardy's report was submitted toward the end of May in 1951 and revised schedules for the footings reached the field on June 6, 1951.

Mr. PEARKES: That is all the information I require.

The CHAIRMAN: Mr. Macdonnell, would you take a look at page 443 of the record for a moment. I am anticipating your questions. Would you care to look at page 443.

Mr. MACDONNELL: Yes, I have it.

The CHAIRMAN: About half way down—miscellaneous.

Mr. MACDONNELL: Yes.

The CHAIRMAN: Now, compare those questions with the questions asked by Mr. Shaw in the House, and see how they coincide. These questions, I am told, were all answered at the last meeting.

Mr. MACDONNELL: I will not be asking any of these. Before proceeding, I understand that the previous questions as to the laying of the sites is going back to national defence. I think Mr. Johnson said—I remember I read this part. "... because some of the sites were not finally determined for many months after the contract was awarded." I think you said national defence would answer that.

The WITNESS: I think Mr. Davis answered that.

Mr. MACDONNELL: The next thing I want is on page 4 "construction of ground instructional school." Purely on a question of timing, it says:

There was a series of delays waiting for reinforcing through the spring and summer. Then in October work was held up for two weeks while consideration was given to altering the specified reinforcement to provide for more readily available type of steel. A further delay occurred waiting for the designer to turn out drawings for the placement of reinforcing—these were not received until December. Completion is expected early this fall.

I am bearing in mind that this was really the winter of 1950-51, and here we are many months later. That is correct, Mr. Davis, is it not?

Mr. DAVIS: That is correct, sir.

Mr. MACDONNELL: This was awarded December, 1951, but work did not commence until April, 1952. What would be the usual expectation of the time required for buildings of this nature?

Mr. DAVIS: I believe Mr. Johnson gave that at the last meeting.

The WITNESS: The original figure given by the contractor was nine months, sir.

Mr. MACDONNELL: Yes, that is right, and then you said there were difficulties, and then it just goes on. Is Mr. Davis going to say anything about this paragraph at the top of page 4?

The WITNESS: I think I had better answer that. The situation, as I have explained once or twice before, was that the situation with respect to reinforcing steel was a very difficult one in the year 1951, and in the case of the ground instructional school, as is mentioned at that point in my statement, there were serious difficulties in getting the particular class of steel they required for this particular building.

Q. Who is the designer referred to. "A further delay occurred waiting for the designer to turn out drawings." Was that someone from one of the departments?—A. The designer of the building, was an architectural firm, and the responsibility for the design was that of the Department of National Defence.

By Mr. Thomas:

Q. What was the name of the firm?—A. Marani and Morris was the firm sir.

Q. Of where.—A. Of Toronto. I might explain in that connection that these were standard buildings designed for construction anywhere from coast to coast in Canada.

By Mr. Herridge:

Q. Could I ask the witness a question on that point. In regard to the delay in connection with the delivery of steel. That seems to have been a very important factor in causing delay.

In view of the increasing success in the industrial use of laminated wood trusses, the strength of which has been proven, the cost is lower, and the life is long, did your department give any consideration to using laminated wood trusses instead of steel trusses owing to the delay in the delivery of steel?—A. The particular problem in this particular case was relative rather to the reinforcing which had been involved in the construction of these buildings; this was the reinforcing steel which went into the foundations. The problems relating to structural steel while they were substantial in 1951 did not create nearly the difficulty we had with respect to the reinforcing for concrete

foundations. The question of the design in laminated trusses or structural steel trusses was given consideration by the design authority which is the Department of National Defence and by the various consulting engineers and architects they employed.

Q. What was the reason for discarding the use of laminated wood trusses on some of these buildings?

Mr. McILRAITH: Cheaper to build with steel, I suppose.

Mr. DAVIS: We have considered using laminated trusses on a number of the buildings. For example, the standard chapel, the recreation hall gymnasium laminated trusses. The use of laminated trusses has been taken into consideration along with steel and where it showed an advantage we have endeavoured to use that form of construction.

By Mr. Dickey:

Q. With reference to the portion of your statement that Mr. Macdonnell has quoted, is my understanding correct that when you refer to delay in design you are reporting from the point of view of the progress of the work at the site and you do not really mean to suggest there was any undue delays in the performance of the design work but from the point of view of the persons on the work they had to wait for a certain time to lapse. Is that correct?—A. That is correct. The statements made here are in relation to the position as seen at the site. The reasons which may have given rise to those considerations are reasons that do not appear here. These are reasons as they appear at the site.

Q. This lapse of time may have been quite necessary and not a delay in that sense?—A. That is right.

By Mr. Stick:

Q. What is the relation in cost between laminated wood and steel?

Mr. DAVIS: I cannot give you offhand figures for that. It would depend on the type of building.

Q. If you changed from steel on the plan to laminated wood would that alter the plan of your building to any extent?—A. Yes. I do not think it would be feasible to substitute materials once the building has been designed; that would constitute a re-design of a considerable part of the building.

Q. And an extra expense?—A. Yes, and extra delays.

The CHAIRMAN: But that did not occur in this case?

The WITNESS: No.

Mr. STICK: To follow out what Mr. Herridge said, he asked a question about the substitution of laminated wood for steel. We are talking about delays and if they had substituted it would have delayed construction.

The CHAIRMAN: Quite right.

By Mr. Thomas:

Q. To get back to the contract. Did the government call for tenders on this construction project without fully investigating into the site?

Mr. JOHNSON: The situation I think can be answered in this way. When this program started it pointed out two difficulties; it was a problem devoted to meeting the situation arising out of the Korean outbreak, and it was necessary for the Department of National Defence and for those architects and engineers who had been employed for them to prepare their plans and

specifications as quickly as possible with the view to requests going to Defence Construction for the calling of tenders in the spring of 1951. The plan that was adopted was to design standard buildings: standard barrack blocks, ground instructional schools and so on, for the various buildings required in the program. The next step was that as those standard plans and specifications became available to Defence Construction we went to tender. During the period while contractors were estimating on those jobs and preparing their bids, and while we were reviewing those bids and taking steps necessary for the awarding of contracts where because of the urgency of the situation it had not been possible to make detailed soil surveys and site plans those steps were being taken concurrently with our tender call in that way we were getting prices from contractors and putting ourselves in the position where we could award contracts, and when the contracts were awarded the hope was that the details of the soil investigations and site plans would be available. In any event, even though there were cases where the "tying in" was not perfect nevertheless great time was saved. We were in a position to let a contract as rapidly as possible and then information regarding soil and sites was made available. It may have been a matter of a day, a week or a month but the fact was we had saved considerable time because had we waited for the soil and site plans to be complete in every detail considerable time would have elapsed and we would have still had to go to tender and put ourselves in the position of awarding the contract about two months later. This would have been costly from a time standpoint and also from a construction cost standpoint because it would have put us in a position where we would have been calling for tenders in the very peak of the construction season.

Mr. THOMAS: It is apparent to me there has been a lot of time lost in calling for them as quickly as you did.

Mr. DICKEY: That is a statement.

The CHAIRMAN: It is a question. Let the witness answer.

Mr. THOMAS: On a point of order. I want to know if a person is allowed to make any statements in this committee or is it strictly a questioning committee? I want to know whether it is my privilege to make observations.

The CHAIRMAN: We make observations on the evidence when the hearings are completed and only ask questions in this committee. Gentlemen, Mr. Thomas has asked a question, perhaps not in a form that some of the members may approve, but I think it is a proper question. Let the witness answer.

The WITNESS: I would like to say this in reply, that the costs which are indicated in the tables which have been submitted as change orders are costs which it was recognized from the outset would be incurred. We knew as we went to tender with standard plans and specifications that if we had to increase foundation walls that cost would be incurred, but it was a cost that was going to be incurred in any event. It was not an extra cost. If we had waited for all the information we would have paid for them in any event. That is one of the difficulties in describing these as change orders. They were change orders arising out of the use of a standard plan, something which we recognized in the beginning, and if we had waited for detailed information with respect to every building we would have been faced with the same cost. We really saved a considerable amount of time and money because had we waited until June or July or August of 1951 to call these tenders we would have been right in the middle of the construction season when contractors would not have given us as good a price as they would in April or May.

By Mr. Thomas:

Q. When those tenders were put out was it recognized or indicated by the government that those tenders were conditional?—A. It was indicated to the contractors that they were bidding on plans and specifications as furnished to them, and if as a result of conditions found at the site some changes had to be made it was recognized additional cost would be involved for which the contractor had to be paid. It was covered by what are known as unit prices in the tender documents. We recognized foundations might have to go deeper or wider and these unit prices were part of the public tenders called and we had competition with respect to these prices in the bidding on the jobs. We had the benefit of the competition that was generated through the public tenders called for in items such as extra excavation and extra form work and so on mentioned in those change orders which were paid for on the basis of the unit prices established by those public tender calls.

The CHAIRMAN: Can you give some examples.

Mr. THOMAS: Maybe it would shorten this up if we could have the tender calls printed as an appendix to the minutes?

The WITNESS: I can read some of these off right now. There is a very substantial list. This is the contract with the Alexander Construction Company:

Clearing, grubbing and grading per acre	\$ 70.00
Extra for general excavation below the depth shown on drawings per cubic yard .....	.90
Credit for reduction of amount of general excavation shown on the drawings per cubic yard .....	.80
Extra for trench (hand) excavation below the depths shown on the drawings per cubic yard	2.78
Credit for reduction of the amount of trench excavation shown on drawings per cubic yard	2.50
Extra for excavation of rock larger than 3'—0" in smallest dimension per cubic yard	2.00
Extra for concrete in place as specified (not including forms or reinforcing steel) in foundation walls and footings, per cubic yard	14.25
Extra for concrete in place as specified (not including forms or reinforcing steel) other than in foundation walls, footings, per cubic yard	17.82
Credit for concrete in place as specified (not including forms or reinforcing steel) other than in foundation walls and footings, per cubic yard	17.82
Extra for form work in place beyond the amount of the form work shown in the drawings per square foot ....	.22
Credit for reduction of amount of form work in place over the amount of form work shown on the drawings per square foot .....	.22
Extra for reinforcing steel in place beyond the amount shown on the drawings per pound .....	.14

Those items are a reflection of what was in the tender call.

Mr. THOMAS: Could we have that tender call put in as an appendix?

The WITNESS: I can see it is put in the record.

Mr. THOMAS: Just so we know what type of tender it is.

The CHAIRMAN: Mr. Fulton has a question.

Mr. DICKEY: Is it on this same phase or would you be going into another phase, Mr. Fulton?

Mr. FULTON: I may cover another phase.

By Mr. Dickey:

Q. I would understand from what you say that the figures you have just read are the result of the most favourable bid that was received as a result of your tender call?—A. The tender submitted by the Alexander Company was the lowest price received in the public competition and the unit prices were reasonable unit prices. It has been our practice if we feel a unit price for excavation or clearing or whatever the item might be is out of keeping with a reasonable price to negotiate that price down to a reasonable price.

Q. But that is part of the most favourable tender received in any event, based on that?—A. It is basically the most favourable tender received.

Mr. PEARKES: You did receive other tenders?

The WITNESS: Yes, we received several. I have the number listed, four or five as I recall.

Mr. THOMAS: It is in the record.

The CHAIRMAN: Yes, it is in the record.

Mr. DICKEY: The other question is this: I am trying to understand exactly what you mean in your answer to Mr. Macdonnell, and also to Mr. Thomas, with respect to this additional work. Is it correct to say that if all the preparatory work on these items had been done previously these items would have formed part of the tender put in by the various contractors and the original contract would have been correspondingly greater than it actually was, and they just came along later as additions?

The WITNESS: That is the point I was trying to make, that it was recognized that these additional items were part of the work and had it been possible to include them in the original tender call, that would have been done and they would have formed part of the original contract price, which would have been much higher as a result, rather than reflected in the change orders as actually happened.

By Mr. Herridge:

Q. Mr. Chairman, I am rather going back to the laminated wood trusses. This matter interests me very much, and I am asking the question again in view of Mr. Stick's stickiness about it. You did say you used laminated wood trusses for certain types of buildings?—A. That is right.

Q. If you had foreseen the delay in the delivery of steel, could you have used wood trusses on some of the buildings in place of steel trusses?

Mr. DAVIS: Not in the cases that were referred to by Mr. Johnson where it was a question of reinforcing steel for concrete work.

Mr. HERRIDGE: I was thinking of roof trusses particularly.

Mr. MCILRAITH: The delay was in delivery of structural steel.

Mr. DAVIS: In the case of substituting for structural steel it would require an analysis of each building and knowing what the probable delay would be in obtaining structural steel. Where structural steel was specified originally it was because in the opinion of our consultants and the service design section it was the most suitable and most economical form of construction to use.

Mr. HERRIDGE: I am afraid there is quite a section of the timber industry that would not agree with you on that.

By Mr. Fulton:

Q. Mr. Johnson, I take it from the description which you have given of the method followed in awarding the contracts that they are all firm price contracts when all the extras are included. Is that correct? I mean, you then arrive at a firm price?—A. The basic firm price is the firm price that is arrived at as a result of the tender call, and these items that had to be taken into account after the tender call were in connection with firm price additions, sir.

Q. Then is there any management fee to cover these contracts, or is that the final figure you have given there in the tender—is that the final cost or is there any management fee in addition?—A. There is no management fee.

Mr. DICKEY: Except in the case of the rehabilitation of the well, there was, I think.

The CHAIRMAN: He was asking about the over-all tender having to do with the change orders: was there any cost in addition to the change orders, and the answer was no.

By Mr. Fulton:

Q. The contracts which are listed here in the Table B appended to the Penhold statement Mr. Johnson has given us—those are all the total costs?—A. Those are tenders on a firm price basis.

Q. There is no management fee element?—A. No.

Q. Was any time limit or any penalty clause included in the contracts, a penalty clause with respect to non-completion within the time set?

Mr. THOMAS: No; I asked that question yesterday. There is no penalty clause.

The WITNESS: I did deal with that, sir.

Mr. FULTON: I think that question has been dealt with previously, so I will not press it now.

The CHAIRMAN: Yes, it was answered.

Mr. FULTON: Mr. Johnson or Mr. Davis said this morning—I do not remember which one—that there were difficulties created by the leaving of the concrete slabs on the site, and I understood you to say that the contracts regarding the sale of the previous buildings were contracts for the removal of the entire structure. Am I correct in that?

Mr. DAVIS: That is what we understood, but it was a contract not within our control, and we were not in possession of the information as to the condition in which the site had been left.

Mr. FULTON: Has any attempt been made to have those prior purchasers or prior contractors pay the cost, pay any part of the extra cost now being incurred on account of the necessity of removing these slabs?

Mr. DAVIS: As far as I know that question has not come up. We took the site back from the Department of Transport and I do not think it was specified when we took over the site whether the slabs had been removed or not; it was a question of our not knowing in the winter the actual condition of the site.

Mr. FULTON: Yes, I think you explained that it was discovered subsequently that there were these concrete foundations or bases of concrete left after the buildings were demolished, but is it your understanding that the basis of the sale when the buildings were purchased was that the whole thing was to be removed and you were to be left with bare ground?

Mr. DAVIS: We understood that was so. In certain cases that was done, but we do not know the actual conditions of the sale in each case and it may be in certain cases that was not a condition. I am not in a position to say definitely.

Mr. FULTON: Could you, or anyone in your department, or perhaps Mr. Johnson, or somebody from the Defence Production Department, or the successor to the War Assets Corporation, which is now Crown Assets Disposal Corporation, answer that? I presume that these records would be available, and I am wondering if any examination is being made to see if you can make these previous contractors liable to pay back any extra costs now being incurred to remove those slabs.

Mr. JUTRAS: Is it not a fact that in most of those contracts the general clause is "to level"?

The CHAIRMAN: I will see to it. Mr. Davis will obtain that information for you, Mr. Fulton.

Mr. FULTON: Just so we can get a comparison.

Mr. JUTRAS: Carried.

The CHAIRMAN: I did not want to shut Mr. Jutras off.

Mr. JUTRAS: That's all right, Mr. Chairman. All I said was 'carried'.

Mr. FULTON: Carried away with enthusiasm! Have there been any questions with regard to the nature of the previous buildings that were sold?

The WITNESS: I do not recall any questions along that line.

Mr. DICKEY: The evidence was they were temporary buildings of a war-time R.C.A.F. station and I do not know whether there are more details than that.

Mr. FULTON: Are they at all comparable to the buildings now being constructed?

Mr. DAVIS: No.

Mr. FULTON: They were not?

Mr. DAVIS: No.

Mr. FULTON: At the bottom of page 2 of the mimeographed statement on Penhold, Mr. Johnson, you have a statement which reads:

If I may depart from a chronological presentation, Mr. Chairman, I would like to tell you that this installation which was originally planned for the 1951-52 season turned out to be needed for this present season.

I am wondering why you put that in there, because as I read the statement there you are explaining, if I understand it correctly, that part of the difficulties have been created by an extra urgency in obtaining this site and the building.

Mr. DICKEY: That is just for temporary heating.

By Mr. Fulton:

Q. I know, but it is all part of the same contract. And here you say:

... this installation which was originally planned for the 1951-52 season turned out to be needed for this present season.

—A. It turned out it was of advantage to have it because we have been able to use it this season. It has been used primarily for occupation heat this year. Through the past winter we have been able to take advantage of the availa-

bility of this temporary heating system to heat the buildings that are now occupied by the air force pending completion of the central heating system.

Q. But you said just previously there was a speedup in the construction, a speedup was requested in the construction of this installation, and you say the contractor's accounts for both the winter heat and the speedup were audited by the C.I.A.D. Now you say just after that "that this installation which was originally planned for the 1951-52 season turned out to be needed for this present season". If it was not needed until the present season, why was the speedup necessary, if it was originally planned for the 1951-52 season?—A. It was used in the 1951-52 season and has also been of advantage in this season. The intention was to indicate that it has been very advantageous to have this temporary heating system.

Mr. APPLEWHAITE: Was it also used for the present season?

The WITNESS: That is correct, sir.

Mr. FULTON: I did not quite understand. Now, on page 5A of the mimeographed statement on Penhold, I am just wondering if you could tell us the detail of that contract you refer to here at the bottom, where it reads:

The Poole Engineering Co. Ltd. received a contract on August 7 1952, to provide and operate a 150 ton asphalt mixing plant. The amount of the contract was \$46,000 and the whole of the work is completed.

What was the purpose of the contract?

The CHAIRMAN: That is on page 5A, gentlemen.

The WITNESS: I will have that information for you in a minute, sir. That item was to provide the construction maintenance unit of the R.C.A.F. with asphalt that the construction maintenance unit personnel applied to roads and parade squares, and that sort of thing, in the Penhold station.

Mr. GEORGE: What is a 150 ton asphalt mixing plant?

By Mr. Fulton:

Q. Is that in addition to the contract you let to the Assiniboia Engineering Company Limited for grading and paving roads and runways, aprons, taxi strips and drainage?—A. That is correct. The Assiniboia Engineering Company was carrying out certain work, and the construction maintenance unit of the R.C.A.F. was carrying out certain other work.

Q. Is this asphalt mixing plant now the property of the station?—A. No, sir, this was making that plant available to the construction maintenance unit.

Q. Was this just the rental of the plant, was this item of \$46,000 payment for the rental and operating expenses of that plant?—A. And the bulk of the asphalt, the greater part would be the asphalt.

Q. Was it found that the Assiniboia Engineering Company Limited was not able to do all the work you contemplated they were able to do?—A. Would you mind asking me that question again?

Q. The reason for my question is this: You had a contract for \$909,541 with the Assiniboia Engineering Company Limited for paving, grading, and so on. My question was: Was it found that they were not able to do all the work which it was originally intended that they should do, and that you then found it necessary to get another contract with the Poole Engineering Company Limited to complete the work?—A. No. The work that was being done by the Assiniboia Engineering Company Limited was work which was quite separate and distinct from the work which the construction and maintenance unit was carrying on within the station itself. It was because the maintenance unit did not have an asphalt mixing plant that tenders for the provision for an asphalt

mixing plant were called, and the low tender came from the Poole Engineering Company Limited.

Q. I just wanted to be clear on that.—A. There were two separate operations going on at the site at the same time. The Assiniboia Company was doing one construction, and the maintenance unit was doing another.

Q. Let me ask you this: The work which the construction and maintenance unit was doing was not contemplated as part of the work of the Assiniboia Engineering Company Limited?—A. You are quite right.

Q. The Assiniboia contract was let in 1951, and then you come along in 1952 with another contract for similar work, and I wanted to be clear that it was not because you found afterwards that they could not complete what it was intended they should do.—A. You are quite right. They were separate items.

By Mr. Macdonnell:

Q. Am I right in thinking that your inspection staff consisted of a resident engineer, an assistant, and four inspectors, is that correct?—A. Yes, sir.

Q. A resident engineer, an assistant engineer, and four inspectors as well as consulting companies, for the time being?—A. Yes, sir, 2 consulting engineering firms on a full time basis. I could not say without checking that they had their engineers on the job all the time, but they were inspecting the work to the extent necessary.

Q. I got the impression earlier in this committee—I think I gathered it from Mr. Howe—that Defence Construction actually operated with a small staff, and that these would be Defence Construction officials?—A. The resident engineer, the assistant engineer, and the inspectors would be employees of Central Mortgage and Housing Corporation, which acts as the agent of Defence Construction for inspecting the work.

Q. I see. So that is consistent with what we understood before, that your own staff is kept small?—A. That is correct.

Q. Speaking as a layman, that seems to me a very adequate staff. Now I am going to ask some questions which I do not think have been asked. They were suggested to me by Mr. Shaw's speech of November 26 last. Has green lumber been used extensively with consequent shrinkage following the application of heat, plus a good deal of cracking in the finish?—A. There was some spruce delivered to the site, sir, which did create some problem.

Q. And was that done in accordance with the specifications? I suppose your quality would be specified?—A. In the judgment of the inspecting engineer, it was in accordance with the specifications.

Q. What was that again?—A. In the judgment of the inspecting engineer, that was in accordance with the specifications.

Q. You say that this spruce, which you mentioned, did cause difficulty?—A. The spruce did cause difficulty, but at the time it was delivered to the site it was felt that it was in accordance with the specifications. However, it did subsequently develop, sir, that there was some problem with that particular lumber.

Mr. HERRIDGE: That means that it was green.

The WITNESS: It was a bit green.

By Mr. Macdonnell:

Q. Is it good practice to specify green lumber, or rather, not to specify the opposite?—A. The lumber specified was not specified to be green lumber. In the judgment of the inspecting engineer at the time it was delivered at the

site, it was felt that it lived up to the specifications. However, it transpired later that it was not completely satisfactory.

Mr. HERRIDGE: It must have been Alberta lumber, I expect.

Mr. APPLEWHAITE: Certainly not!

Mr. STICK: Perhaps it was British Columbia spruce from the Kootenays.

The CHAIRMAN: Gentlemen!

By Mr. Macdonnell:

Q. In some of the buildings are the centres 16" according to specifications, or, as suggested, are they 48"?—A. That question, sir, relates to a project in Namao rather than at Penhold. It is a project which does not come under the administration of Defence Construction.

Q. Very well. My next question is whether lime mortar was used, or cement mortar as provided in the specifications, and in how many cases did the lime mortar freeze?—A. Those questions are both related to another project.

Q. They are related to Namao, are they?—A. Yes, sir.

Q. Very good. I may come to them again later. What was the expense caused by moving the R.C.A.F families into the area before the houses were completed? Is that at Namao, too?

Mr. THOMAS: No. That is Penhold, and Defence Construction.

The WITNESS: I believe that is Penhold, but the answer to that question would not be within my knowledge. That is a question for National Defence to answer.

Mr. THOMAS: I think I said at the last meeting that I would like to have someone present from the Department of National Defence who can answer these questions.

The CHAIRMAN: Mr. Davis will have an answer for you at the next meeting. Now, General Parkes?

Mr. THOMAS: I also asked at the last meeting about the contracts for supplying fuel, and it was indicated that it was a Department of National Defence problem. I wonder if Mr. Davis could give us some information on that at the same time?

The WITNESS: I said that I would get you some information from the purchasing branch of Defence Production. That information will be made available.

Mr. MACDONNELL: To a layman that seems to be a tremendously formidable staff of inspectors. Is that what is normal? Is it normal to have an inspection staff consisting of a resident engineer, an assistant engineer, with four inspectors and two consulting firms?

The WITNESS: As I explained, with respect to the consulting firms, they were there to the extent that it was felt necessary that they should be there. They specialized in sewers, in water installations, and in central heating. Due to the technical nature of the work it was felt desirable to have consulting firms pass judgment on the work in that connection. The resident engineer, the assistant engineer, and the inspectors were to inspect the project as a whole. You should not lose sight of the fact that there was over \$6 million of work going on, and this was an effort which was being made to "progress" that work as quickly as possible.

By Mr. Fulton:

Q. When you read from the green book, from which you read earlier, one small question struck me. You said you were going to pay 9 cents per yard

for excavation over and above what was called for, and it was contemplated that there might be extra. And then, if there was less excavation than was indicated in the original tender, they were only going to give you 8 cents per square yard. Why was that?—A. It is normal practice, sir, for contractors, in tendering on work, to provide a somewhat less credit, or marginally less credit for reductions from the work to provide for the fact that they have tendered on the project as a whole, with a certain amount allowed for their overhead and administration costs. That is their normal practice. And the fact that there might be some small reduction in the number of yards of excavation would not affect their over-all costs on the project. It would affect their cost for that particular item, but not their over-all cost, because the credit given is somewhat less than the extra charge which would be made if they are doing extra work.

By Mr. Applewhaite:

Q. That is the standard practice, and they cannot get it both ways?—A. That is right.

Q. Was it not said also that the original excavation would be deepened?—A. That is correct.

By Mr. Pearkes:

Q. I want to ask a question regarding the grading and paving of roads. Am I correct in assuming that the total cost of grading and paving roads is \$241,000 odd as shown in table 3-A, plus \$42,452 as shown in 5-B on page 4, referring to a road between the station and outside, I think, a road leading to the station?—A. If I understand your question, that would reflect the total cost of roadwork performed under the contract. But whether or not it would not show the cost incurred in the road work done by the construction and maintenance unit of the R.C.A.F. except to the extent that that cost was paid for under the contract with the Poole Construction Company for the asphalt plant.

Q. Have you any idea of the total cost of the construction of the roads and the paving?—A. The cost incurred through the construction and maintenance unit operations would be information which would have to be obtained from the Department of National Defence.

Q. Would that be just expenses in connection with their allowances, or was there a hiring of civilians? Is this construction and maintenance unit a unit made up of airforce personnel, or is it an agency for hiring outside civilian firms?

Mr. DAVIS: It contains airforce personnel, but it also can extend its capacity by taking on outside personnel for specific jobs. It has supervisory personnel on the establishment, and a certain number of tradesmen, but it can be extended so that it can take on a larger volume of work than is provided for in the establishment.

By Mr. Pearkes:

Q. Would it be possible then for you to give the committee a statement as to the cost of the road construction and the road repair or rehabilitation, if you prefer the word, or the total cost? It seems to me that should include the money paid out to the contractors and also the cost involved by the maintenance and construction company of the R.C.A.F. I gather that the total amount of roads, as given in the answer to Mr. Thomas, is 10,300' of rehabilitated road, and 4,000' of new road.

Mr. DAVIS: My information is that in addition to that let to contract there were grants made or funds provided up to the value of \$7,500 for temporary road construction. This was to provide pending the work which was to be done by contract, and the actual expenditure on this account was \$500.

Mr. PEARKES: You say \$500 out of a total of \$7,500?

Mr. DAVIS: That is right. There was an actual expenditure of \$500.

Mr. PEARKES: I am trying to get at the total cost of the roads within the camp and the road leading to the station.

Mr. DAVIS: That is my information as to the amount. It was additional over and above what was provided for in the contract. But we can check on that, if you would like it.

Mr. PEARKES: Does that include the cost of the work done by the construction and maintenance company of the RCAF?

Mr. DAVIS: I understand on roads, but I will confirm that for you.

Mr. PEARKES: Only \$500 worth of road work done.

Mr. DAVIS: Of a temporary nature and over and above what was provided for in the contract. But I will obtain and check that information for you.

Mr. PEARKES: You will be able to give me the total cost both of the contract, that is the contract for the \$241,000, plus the work done by the air force construction.

Mr. DAVIS: I will obtain for you the amount that was down under Department of National Defence auspices by the construction maintenance unit, and Mr. Johnson can give you the figure of the work done by contract.

Mr. PEARKES: The work done by contract? I presume that is given on table B, part 1. Is that right Mr. Johnson?

The WITNESS: The main item there you are referring to is a contract with the Assiniboia Engineering Company for grading and paving of roads.

By Mr. Pearkes:

Q. Is that the total amount spent on roads?—A. It is the total spent on road let by contract, and my answer to Mr. Thomas on the extent of these roads, the areas involved, relates to that contract, sir. To the extent that the work was done on roads by the construction maintenance unit, I am sure Mr. Davis could give you that information.

Q. That is just \$500.

Mr. DAVIS: That is for temporary roads. You mentioned the access road coming into the station.

Mr. PEARKES: Permanent roads as well.

Mr. DAVIS: You want information regarding the access road to the station.

Mr. PEARKES: Yes, because there is a contract let on that as well. That is on page 4. You have there "improvements to road leading to station let by the Assiniboia Engineering Company Limited for \$42,452." Now, I am just trying to get the total cost of the roads both in the station and leading to the station. The money either spent on contracts, or spent by the maintenance unit of the R.C.A.F.

Mr. DAVIS: I will obtain the information regarding work done by the maintenance unit of the R.C.A.F.—the total amount spent on roads in Penhold.

Mr. PEARKES: And we have the total amount as let by contract in these two items, is that correct?

The WITNESS: That is correct sir.

By Mr. Pearkes:

Q. Can you give me some idea as to the length of the road leading into the station. Is that included in the rehabilitated roads—10,000 feet?—A. That item is not included in that answer to Mr. Thomas. I will get that item for you.

Q. Will you get the item showing the extent of the rehabilitation of the road?—A. I will be glad to do that sir.

Q. On this road construction and rehabilitation, I take it it is rehabilitation of the roads which existed during the wartime camp. Is that correct?—A. It covers the rehabilitation of the existing roads and also ditches.

Q. And ditches?—A. Yes sir—alongside the road.

Q. Has it anything to do with the drainage of runways?—A. It has nothing to do with runways, sir.

Mr. PEARKES: That just concerns the road. Now, as regards the general description of the soil of that area—it is light soil, is it? It is not rocky soil?

Mr. DAVIS: We had a report from Dean Hardy on the soil. He came down to conduct soil investigations for us.

Mr. PEARKES: I do not want any detailed analysis, but a general description. My recollection of that is that it is rather light soil, and there is very little if any rock in the area.

Mr. DAVIS: Speaking from memory we had a certain amount of difficulty. I think it was clay conditions, but I can obtain that portion of Dean Hardy's report for you.

Mr. PEARKES: I think that will be interesting, and it will give us some idea of the legitimate cost of the roads.

The CHAIRMAN: Mr. Applewhaite, do you wish to speak on this?

Mr. DAVIS: If I may. This might answer General Pearkes' question. Dean Hardy did make certain definite recommendations for the specifications of the roads, to which you are referring, as a result of the soil investigations that he carried out.

Mr. PEARKES: Can you give us that?

Mr. DAVIS: Yes. The original specification submitted by Dean Hardy called for a total depth on base course and sub base course of 30 inches, and that was reduced to 16 inches by the R.C.A.F. on the grounds that the standard provided by the consultant was too high for the estimated traffic which we expected at the station.

Mr. DICKEY: And that will cut the work in about half?

Mr. DAVIS: Yes, roughly in half.

Mr. THOMAS: Just one question on the second contract for the improvement of the road leading from the Calgary-Edmonton highway. Was that a contract, where tenders called for it, or what?

Mr. JOHNSON: Competitive tenders were called. Only one tender was received.

Mr. APPLEWHAITE: I have been saving up a few questions here, and I am afraid they are a little disconnected. Mr. Johnson referred to the receipt of spruce which caused them trouble. What quantity of lumber, which was unsuitable, was received?

The WITNESS: I will have to get details of the quantity.

Mr. APPLEWHAITE: I think we should have it.

Mr. DICKEY: I take it this was not recognized as unsuitable at the time.

The WITNESS: That is correct. What I tried to explain was, that the specification called for a certain class of spruce and it was accepted as being up to the specification. Subsequently it developed that the lumber was not suitable for the purpose for which it was intended, as had been expected from an examination at the time it was delivered.

Mr. APPLEWHAITE: I would like to know the quantity of lumber.

Referring to the bottom of page 5 of Mr. Johnson's statement—a contract to the Dominion Bridge Company and to Timbersteel Structures—in both cases you say: "This contract will be assigned to the prime contractor." Would you mind explaining what it means?

The WITNESS: It has been our policy in connection particularly with structural steel, to call for tenders in advance of the calling of a tender for the general construction work, so that by this process we get the bids in on the structural steel. We award the contract for the structural steel, as, in this case to the Dominion Bridge, and they are therefore in a position to place their orders at the mill and to fabricate the steel. When we are at a later time in the position to make the general tender call we indicate to the contractors bidding on the general tender call that we have already placed an order for the steel, and that it will be assigned to the general contractor so that it will become a sub-contract to the general contractor. He will therefore be in a position to co-ordinate the erection of the structural steel with the rest of the project. That is the normal construction process. The advantage in this arrangement is that we are therefore able to place our orders for steel and for any other especially large items subject to prefabrication, in advance of the general tender call, and therefore the steel, or some items in that category, are much more likely to be available at the time they are required by the general contractor. If the process were followed of leaving these items until the general tender call, time would be lost while the general contractor places these orders, and the materials would not be available at an early date to carry on with the general construction.

By Mr. Applewhaite:

Q. I understand that, as far as the supply of material is concerned. What about that part of the Dominion Bridge contract which was to erect structural steel? Is that also assigned?—A. The normal practice is for the erection companies such as the Dominion Bridge also to supply the steel which they erect.

Q. In actual practice the Dominion Bridge Company Limited would not erect steel. That would all be done by the overall contractor?—A. No that is not correct. The normal practice is for the companies engaged in the supply of structural members to also erect them.

Mr. APPLEWHAITE: Incidentally, we might point out to Mr. Herridge that number 3 on page 5 is for the supply of laminated wood trusses.

Mr. HERRIDGE: I noticed that already.

By Mr. Applewhaite:

Q. The second paragraph on page 5 where a contract was awarded to the Canadian Pacific Railway to rehabilitate a siding. Who owns that siding?—A. I would like to check that question a moment sir.

Q. If the siding is to remain the property of the C.P.R. you might at the same time explain why we pay them to rehabilitate their own property.

Mr. HERRIDGE: Mr. Chairman, in that connection Mr. Applewhaite has touched on a question I intended to ask. As usual, I can enlighten Mr. Applewhaite on that point.

The CHAIRMAN: Good.

Mr. APPLEWHAITE: Mr. Chairman, if you would regard it as being in order, I would as soon have the information as to the government's practice from Mr. Johnson.

The CHAIRMAN: I think we should hear Mr. Herridge.

Mr. HERRIDGE: I have some experience on sidings with the C.P.R., and whether you own the land or not, if the Canadian National Railway puts a siding on your property, they are responsible for its maintenance. But what I am interested in here is that the usual practice is for the Canadian Pacific Railway or the Canadian National Railway to simply charge you for the number of ties required for rehabilitating, and any steel used and iron ware, and they submit a statement of the man hours taken to do that work.

I want to ask this question. Why in this case was a contract let, and then we find an increase in the contract price of around 50 per cent. I would like to know the length of this siding. It seems to me a quite unusual practice for a railway company.

Mr. DAVIS: I can check and obtain the figures as to the exact length. As regards the first part of your question it was not simply maintenance. You have outlined the procedure of charging for maintenance to siding, but this was to renovate and rehabilitate a wartime siding which had gone into that station. I believe the extension referred to was to run it up to one of the supply buildings, after the siding had been established. I can obtain that figure for you.

Mr. HERRIDGE: If Mr. Davis would not mind, I would like the facts on the reasons for the contract being let, instead of the usual practice, because, although the contract was let, the department will pay whatever it cost, and I wonder why a contract was let in the first instance.

Mr. JOHNSON: I can check the information, but in regard to what has been the practice in these matters, as you pointed out, the normal practice is that we pay the actual cost of work of this kind. It would appear that an estimate of cost was prepared, and that in actual fact the length of the siding or amount of work involved in rehabilitation was such that the estimated cost was exceeded. I think that is correct but I will have to check on that.

By Mr. Applewhaite:

Q. Further down on page 5A there is a similar question, that is with reference to the contract for the improvement of the road leading from the highway into the station. Who owns that road?—A. The information that I am given is that this was a municipal road but a road that was not being used. There was apparently only one farmhouse along that road and an arrangement was made to do this work because it was for the use of the R.C.A.F. station, it was not being used by others.

Q. Is the entire amount being spent by the dominion, or is there a contribution from the province?—A. I understand that is the case.

Q. Does it remain a public highway or do we have exclusive use of it?—A. It would be my understanding it would remain as a municipal road.

Q. The last item on page 5A, the contract to the Engineering and Construction Services Limited. Were they hired under that contract as inspectors to check the work done by Assiniboia Engineering Company Limited on their \$900,000 contract?—A. That is correct.

Q. That is what they were doing on this particular item, they were acting as inspectors on the big runways contract?—A. That is right.

Q. Defining the term "waste" to mean money spent for which there has been no return or not a reasonable return, how much money has been wasted at Penhold?—A. I would say that there has been no money wasted, sir. The fact is that all of the money that has been spent over and above the original contract price as awarded, as I have endeavoured to explain, has been neces-

sitated largely through additions to the work such as the extension of barrack blocks and extra material required for laying of sewers and water mains and items of that kind. Those are the principal items that have gone into the cost over and above the original award. I feel very strongly that the costs as outlined in the table which has been presented to the committee were costs that were necessarily incurred and for which there has been a return to the Crown in the expenditure.

Mr. FULTON: Does that apply also to the faulty lumber.

Mr. GEORGE: He said there was not faulty lumber.

The WITNESS: The question of the lumber, sir, is one under negotiation at the present time. We recognize the fact that the lumber was not as satisfactorily as had been called for in the specifications and that matter is under negotiation with the contractor.

Mr. FULTON: And then perhaps you would also make one more addition to your statement as to the cost of removing the concrete slabs, which Mr. Davis is going to get information on?

The WITNESS: As far as the removal of the concrete slabs is concerned, that was a necessary item incurred in so far as the contract was concerned. With respect to whether there was some arrangement with some other organization, say, through Crown Assets, that information is being obtained.

By Mr. Macdonnell:

Q. Could I ask the witness whether he is giving this information based on reports that he received? In other words, have you spent a good deal of time at Penhold yourself or are your answers all based on reports you have received?

—A. I have been to Penhold and I also do receive very complete reports. All these items of expenditure are passed through either myself personally or my engineers, and the items over \$25,000 are passed through me personally. They have all been examined very carefully and certainly I feel satisfied that the expenditures were necessary expenditures and that value has been received in relation to the expenditures made.

Q. Just one other question. I notice in paragraph 4, of the mimeographed statement on Penhold, that the contract for the construction of a central heating plant was given in March, 1952. Was that part of the original contract or was there a change made with regard to the heating plant, and if this was part of the original why would it be awarded so long after the other?—A. The central heating plant was recognized as a part of the over-all program at Penhold, but the development of the plans and specifications for the central heating plant was one that called for considerable thought on the part of the designing engineers and the Department of National Defence, and as a result it was not possible to get it out for tender in 1951. It actually went out for tender in the winter of 1951-52.

Q. When was it contemplated originally that it would be finished?—A. I think I can get that information here for you.

Q. By the way, could I include in my question the officers' and trainees' mess contract which was awarded in 1952, also?—A. I think it would be better if I brought that information to the next meeting.

The CHAIRMAN: Gentlemen, we have had an interesting morning. Thank you very much. The next meeting will be on Tuesday, April 7.

The meeting adjourned.

APPENDIX No. 43

Question by Mr. Fulton, asked on March 19, 1953.

- (a) Is there an RCAF Station at or near Churchill, Man.?
- (b) Give details of purpose of Station?

Answer:

- (a) Yes, there is an RCAF Station at Churchill, Man.
- (b) The Army supplies all single quarters, messing, married quarters, recreation etc. facilities. The RCAF Station consists of 160 X 160 Hangar and ME Garage, VHF/DF building and Generator buildings and Bulk Fuel Storage Tanks.
The RCAF Unit, Churchill, is an Air Transport Command unit responsible for maintaining a staging station for aircraft to and from the Arctic also for RCAF participation in joint experimental work. The Army is responsible for maintenance of all buildings including the RCAF occupied buildings and the RCAF is responsible for the maintenance of the airfield.

(Tabled on April 2, 1953, by DND.)

APPENDIX No. 44

Question by Mr. Stick, asked on March 19, 1953.

Give details of the basis on which the Americans use and occupy buildings and services at Torbay, Newfoundland?

Answer:

The buildings are leased for a period of one year, renewable from year to year. Rent is paid at the rate of 66c. per square foot per annum, this rate having been calculated on the basis of the cost of the services provided, i.e., heat, electricity, water and other services.

The USAF has at its own expense rehabilitated these buildings to make them suitable for occupancy and in addition, is responsible for normal maintenance.

(Tabled on April 2, 1953, by DND.)

APPENDIX No. 45

Question by Mr. Thomas.

Under the grading of pavements and roads in your report, how many miles of road are there within the Camp?

Answer:

The contract awarded by Defence Construction (1951) Ltd. provides for the reconstruction and re-surfacing of existing roads, the construction of new roads, the installation of concrete curbing, catch basins, manholes and storm drainage, and the provision of sidewalks and paved parking areas. The contract is at a firm price based on fixed unit prices for estimated quantities. Payment will be made on actual quantities of work executed.

The roads, both new and reconstructed are being built with a 13 inch sub-base, 3 inch gravel base course and 2 inch asphalt. On the reconstructed roads the old asphalt surface and gravel base are being removed, the road bed regraded and the new road built to the specifications outlined. In doing this the contractor is required to use as part of his sub-base material, the broken asphalt and the gravel taken from the base of the old roads.

Manholes and catch basins are reinforced concrete and the storm sewers are: 8 inch, 10 inch, and 12 inch concrete pipe. The parking areas are formed with compacted gravel, the loading and unloading areas to the Unit Supply Building are of 6 inch concrete laid on a 6 inch gravel base. The sidewalks, which vary in width from 4 feet to 6 feet, and curbs are also in concrete.

An approximate breakdown of the areas is given herewith:—

Rehabilitated roads, 10,300 ft. by 20 ft.

New road, 4,000 ft. by 20 ft.

Loading areas in 2 inch asphalt, 170 ft. by 50 ft.; 160 ft. by 50 ft.; 40 ft. by 50 ft.; 150 ft. by 40 ft.

Sidewalks, 95 ft. by 6 ft.; 450 ft. by 5 ft.; 450 ft. by 4 ft.

Parking areas in compacted gravel, 60 ft. by 50 ft.; 100 ft. by 15 ft.; 300 ft. by 65 ft.; 30 ft. by 30 ft.; 130 ft. by 16 ft.

Loading areas in 6 inch concrete, 320 ft. by 50 ft.; 95 ft. by 60 ft.; 70 ft. by 60 ft.

Concrete curbing, 28,000 lin. ft.

(Tabled on April 2, 1953, by D.C.L.)

Defence Expenditure
Special Committee C.M.G., 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 20

TUESDAY, APRIL 7, 1953

WITNESSES:

Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited.

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

MINUTES OF PROCEEDINGS

TUESDAY, April 7, 1953.

(22)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Applewhaite, Benidickson, Cavers, Croll, Dickey, Fleming, Fulton, Henderson, Herridge, James, Jutras, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stick and Thomas.—(16)

In attendance: Messrs. R. G. Johnson, J. Kendall and C. Maxwell of Defence Construction (1951) Limited; Mr. H. A. Davis of the Department of National Defence.

The Chairman tabled the following answers to questions by Messrs. Thomas, Stick and Fleming which were ordered printed as appendices. (*See Nos. 46, 47, and 48 to this day's evidence*) namely:

1. Copy of D.C.L. tender form for construction of buildings,
2. Contracts awarded by D.C.L. for Labrador and Newfoundland since November 22, 1952,

Contracts awarded by D.C.L. to other than low tenderer.

Copies of these answers were distributed forthwith.

The Chairman also tabled notices of questions by Mr. Fulton.

(*For these notices of questions see pages immediately following*)

Mr. Fulton called the attention of the Committee to a correction in appendix No. 43 being an answer to a question asked by Mr. Adamson which was erroneously attributed to himself.

Mr. Johnson was called. By consent, he made a correction in part of an answer respecting the paving of roads at Penhold. (*For details see this day's evidence*).

Mr. Davis was also called.

The witnesses were again jointly interrogated on the R.C.A.F. Station at Penhold.

Mr. Fleming moved that this Committee recommend to the House that consideration should be given to retaining Mr. George S. Currie to undertake a complete investigation into the construction of the R.C.A.F. Station at Penhold, including the awarding of contracts, the expenditures, the delays in completion and the adequacy of the construction work performed, with power to retain such assistance from competent engineers and contractors as he may consider necessary.

Messrs. Johnson and Davis were retired.

After a debate, the question was put on Mr. Fleming's motion and it was resolved in the negative on the following division:

Yeas: Messrs. Fleming, Fulton, Macdonnell (*Greenwood*), Pearkes, Thomas.—(5)

Nays: Messrs. Benidickson, Cavers, Dickey, Henderson, Herridge, James, Jutras, McIlraith, Stick.—(9)

The Committee agreed to consider at the next meeting answers to Mr. Fulton's questions on Penhold printed on page 442 of the evidence.

At 1.05 o'clock p.m., the Committee adjourned to meet again on Thursday, April 9, at 11.00 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

NOTICES OF QUESTIONS

By Mr. Fulton

a) On Penhold

(1) What was the total cost of acquisition and construction of the R.C.A.F. Special Flying Training School at Penhold, Alberta during the 1939-45 war?

(2) How was this cost divided between the following items, showing the type and amount or number of each acquired:

(a) land; (b) runways and roads; (c) buildings (excluding hangars); (d) hangars; (e) sewer system; (f) water supply system; (g) heating system; (h) radio transmitting and receiving installations; (i) other?

(3) What was the maximum establishment this station or school was designed to accommodate during the war? How many personnel graduated from the school during the period of its operation?

(4) What, if any, specific items (listed as in part 2 above) were disposed of by War Assets Corporation or any other agency, how many of each were disposed of, and what price was received in each case?

b) On Boundary Bay

(1) What was the total cost of acquisition and construction of the R.C.A.F. Station or School at Boundary Bay, B.C. during the 1939-45 war?

(2) How was this cost divided between the following items, showing the type and amount or number of each acquired:

(a) land; (b) runways and roads; (c) buildings (excluding hangars); (d) hangars; (e) sewer system; (f) water supply system; (g) heating system; (h) radio transmitting and receiving installations; (i) other?

(3) What was the maximum establishment this station or school was designed to accommodate during the war? How many personnel graduated from the school during the period of its operation?

(4) What, if any, specific items (listed as in part 2 above) were disposed of by War Assets Corporation or any other agency, how many of each were disposed of, and what price was received in each case?

(5) Has this station or any part thereof subsequently been turned over, designated or used for Army purposes? If so, when, for what Unit or Units and purposes, and what is the total Army establishment involved?

(6) Has there been any expenditure on the station since the first occasion referred to in part 5? If so, how much and for what purposes, broken down as in part 2 above?

(7) Is this establishment now being used in any way for R.C.A.F. purposes? If so, what use is being made of it? If not, why has it been abandoned for R.C.A.F. purposes?

EVIDENCE

APRIL 7, 1953.

11.00 a.m.

The CHAIRMAN: Gentlemen, I have a few answers to table this morning. The first is a copy of the tender form; Mr. Thomas asked for it.

Mr. FLEMING: Is that very extensive?

Mr. DICKEY: There will be a copy for every member.

The CHAIRMAN: It is being passed around. (*See Appendix No. 46.*)

Mr. MACDONNELL: Are the minutes of the last meeting ready?

The CHAIRMAN: The evidence of March 21 will be here around 12 o'clock.

Mr. MACDONNELL: Is it not possible to get them earlier? It would be more useful to get them an hour before the meeting instead of an hour after it.

The CHAIRMAN: I agree with you. We have top priority at the printing office. The minutes are reaching us as soon as possible. Some other committee minutes are a week late. They are doing the best they can for us.

Mr. FLEMING: That document you have just tabled is a form of tender. I thought there was a request for a form of contract also. The question arose when we were asking about the provision in the contract with regard to the completion date.

The CHAIRMAN: We will have a contract form here for the next meeting.

There was a question asked by Mr. Stick for contracts that were awarded by Defence Construction Limited in Labrador and Newfoundland since November 22, 1950. The answer will be passed out to you. (*See Appendix No. 47.*)

There was a question asked by Mr. Fleming: Defence Construction contracts awarded to other than the low tender. The answer will be passed out to you. (*See Appendix No. 48.*)

Then I have two notices of questions by Mr. Fulton to be answered later.

Mr. Johnson has one correction to make having to do with the evidence which he gave at the last sitting.

Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited, called:

The WITNESS: At the last sitting I was asked a question with respect to the asphalt mixing plant that was supplied through the Poole Construction Company and I said that was used in connection with the roads at the station at Penhold. The plant was used in connection with the repairs to the runways. The C.M.U. actually applied the asphalt to the runways after the other repair work had been done on the runways by the Assiniboia Engineering Company.

Mr. FULTON: On a question of privilege. There is a correction I would like to make. At the last meeting there was an answer tabled by the Department of Defence. I do not know what number it has in the proceedings, but it reads "Question by Mr. Fulton asked on March 19. Is there a RCAF station at or near Churchill, Manitoba? Give details of purpose of station." I believe that question was asked by Mr. Adamson, not by myself. I asked a question about Churchill which is found at page 426 about which I asked Mr. Davis why he had omitted in the first column the total for new construction. I said "Because surely

this is new construction that is going on there" and I think that my question was answered by yourself, Mr. Chairman, at the next meeting on March 24. My question is found at page 426 and the answer is at page 445 where you say: "On page 2, Fort Churchill, there should be the figure 339 where it is indicated there was no permanent accommodation." I take it that is in answer to my earlier question, Mr. Davis?

Mr. DAVIS: That is correct.

The CHAIRMAN: Gentlemen, are there any further questions pertaining to Penhold?

Mr. THOMAS: Just one. The other day on page 2 of the Table B, on the installation of the electrical distribution system I asked if tenders were called on the item of \$141,000. I wonder why tenders were not called for that?

Mr. DICKEY: That is I think Change Order No. 4.

By Mr. Thomas:

Q. Yes? Mr. Johnson.—A. Mr. Thomas, the way in which that was handled was that while it appears as a change order without competition, so far as the Alexander Construction Company is concerned, Alexander called for tenders from electrical sub-contractors and we reviewed those after they had been obtained by Alexander and the tender call was through Alexander for the purpose of co-ordinating that work with the work they were doing as the general contractor.

Q. Did they get any percentage on that for their trouble? That is the Alexander Construction Company, did they get anything extra for the letting of that contract or calling for tenders?—A. The firm price that was negotiated with Alexander for that work did include some allowance for administering the contract.

Q. Who did the electrical work?—A. Most of the electrical work at that station was done by Sunley Electric and I believe they did that work also. That work was done by Sunley Electric as far as I am able to ascertain.

Mr. DICKEY: Those are competitive tenders.

By Mr. Thomas:

Q. It was a firm price to Alexander?—A. Yes. But the electrical contractors competed for the work through Alexander.

Q. Was that \$141,000 set before tenders were called or after?—A. The price at which the work would be let to Alexander would be negotiated with Alexander after the tenders were called.

Q. You have no idea what the electrical company charged for that?—A. I have not that information at the moment, sir.

Q. I wonder if we could get it?—A. I think I can get that information for you.

Mr. PEARKES: Were you able to obtain an answer to my question about roads?

Mr. DAVIS: I have that answer if I can read it out to you. The first question was the total cost incurred by the R.C.A.F. for the rehabilitation, repair, or maintenance of roads at Penhold Air Station. This would include any expense incurred on roads leading to the camp. The answer is: The total cost incurred by R.C.A.F. C.M.U. for rehabilitation, repair or maintenance of roads at Penhold is nil. The second one is a general description of the soil at the Penhold area.

Mr. PEARKES: You have told us the R.C.A.F. had been doing a lot of work on these roads.

Mr. DAVIS: I beg to differ with you, sir. I was trying to make a point at the last meeting. To the best of my knowledge the only expenditure incurred by the R.C.A.F. on roads at Penhold was an expenditure of approximately \$500, and that was done by the station works officer on temporary roads. I think it came up over the bitumen mixing plant.

Mr. PEARKES: There was some reference made to the maintenance construction unit of the R.C.A.F.

Mr. JOHNSON: I think I created some confusion at the last meeting when I said that the asphalt mixing plant supplied through Poole was used in connection with surfacing of roads, but that was in connection with repairs to the runways.

Mr. PEARKES: The construction and maintenance company of the R.C.A.F. did no work on the roads in the Penhold camp at all?

Mr. DAVIS: That is correct, sir.

Mr. PEARKES: I think there were some more questions in that connection.

Mr. DAVIS: You asked about the soil. That is part of the same question. A general description of the soil in the Penhold area as reported by the consultant. The answer is: The soil in the Penhold area is highly frost active, ranging from a clay-silt to a silt-clay. Roads carrying heavy traffic require a heavy granular base coarse below the travelled surface.

Mr. PEARKES: Then I can assume that all the expenses in connection with the roads are shown on this table B, part 1, that is the Assiniboia Engineering Company grading and paving roads \$241 odd plus the amount for the road leading into Penhold. Is that correct?

Mr. DAVIS: The only other item we know of is that \$500 was expended for temporary roads by the station to cover the period prior to the construction of the permanent station roads.

Mr. FULTON: It is my recollection that Mr. Johnson was going to get for us some figures on the amount of spruce lumber subsequently found not to have conformed to standard, and the cost of that, and, I believe also, if possible, an estimate of the cost of the adverse effect of that inferior lumber on the building, or at any rate a statement as to what its result was with respect to the buildings.

The WITNESS: That is correct. I do not know if that information is ready now or not. The information is not complete.

Mr. HERRIDGE: The witnesses were going to get some information on the railway sidings. What happened to that?

Mr. DAVIS: I think I have that. The question was, why was the railway siding renovation given to the C.P.R. in the form of a contract. The answer is: The present policy in regard to the construction of railroad spurs is the same as that adopted by private industry. Where a new siding is required, the user pays the cost of construction, an annual rental on the steel rails involved and the maintenance of the spur by the railway company.

Because the railroad is responsible for the maintenance of the siding, construction is usually left to its facilities. However, where extensive grading must be done, this is let separately to a public contractor. The Penhold spur was largely rehabilitation consisting of tie replacement, levelling and realignment of the existing track without extensive grading. The task was taken by the C.P.R. on a contract basis.

Mr. HERRIDGE: My point was, Mr. Davis, why was the contract price increased about 50 per cent?

Mr. DAVIS: I think we would have to get that from Mr. Johnson. The reason the contract was increased was to provide for an extension of the

siding. The extension was required to serve a new unit supply building. You asked also for the length of the siding.

Mr. HERRIDGE: Yes.

Mr. DAVIS: Approximately 4,650 feet.

By Mr. Macdonnell:

Q. Mr. Johnson, my recollection is that, at the last meeting, apart from the lumber on which you are getting information for Mr. Fulton, you said in effect that the full value had been got for all the money spent on Penhold. Is that a fair summary of what you said? That is my recollection. Would you accept that as a fair statement? I want to base some questions on it if you do accept that as a fair statement.—A. That is in effect, what I said.

Q. Then I would like to ask one or two questions. On page 2 you say, and I read in part from your report: "Individual buildings were delayed because the contractor had to remove slabs or foundations." Then I skip a little and read: "and because some of the sites were not finally determined for many months after the contract was awarded."

My question is, would you agree that this delay was the cause of additional expense which gave no additional return?—A. I am not quite sure I have the question.

Q. My question is, would you agree that the delay I have referred to was the cause of additional expense which gave no additional return? In other words, there was a certain amount of wasted expenditure by reason of the delay?—A. I would agree the delay did cause some additional expense, but there was a return from that. That was a necessary expenditure. The determination of the sites was a matter of some importance, and if there was some reason for giving further consideration to the determination of the sites, in the net result the buildings were sited in the most beneficial location, sir.

Q. I do not think that is the answer to my question. I am not asking whether the delays were reasonable or whether they were unavoidable or not. I am asking whether by reason of the delay there was additional expense which gave no additional return. In other words, that if these buildings had been built without all that delay, there would have been less cost.

Mr. DICKEY: Is not that a pretty academic question and a very difficult one for any witness to answer.

Mr. MACDONNELL: Mr. Dickey is always very helpful, but—

The CHAIRMAN: Mr. Macdonnell, you are not helping. Just let the witness answer the question.

The WITNESS: As I have endeavoured to intimate, if there was some delay in the siting which involved the work being carried out under winter conditions, it is quite true we would have to pay the contractor some additional amount in that regard, but as between ourselves and the contractor, we got full value for the work the contractor did.

By Mr. Macdonnell:

Q. I am sorry, I am afraid I have not been successful in making my question clear. It seems to me that what you have said is that there was additional expenditure.—A. There was some additional expenditure through the delay.

Q. And you are saying apparently that by reason of the delay you may have found a better site or the work may have been more useful in the end, but if I understand you correctly, there was no—A. That is not an unusual condition in a large construction project to have building sites adjusted and possibly some thought and consideration given for a time to this siting, and if the result

does involve some delay which causes work to be carried out at some later time, in a project of the magnitude of this it is not at all unusual, and I would not say it was wasteful.

Q. Mr. Chairman, I do not want to get involved in a long argument. I just want to repeat this. You agree the delay was the cause of additional expense?

—A. I think the delay did cause some additional expense.

Q. I think I will leave it at that. On page 2 you continue: "Early in the fall of 1951 the R.C.A.F. requested that extraordinary steps be taken to speed up the work . . ." and then you say: ". . . this speed-up operation was cancelled on December 11 when it became obvious that the effort would not result in the station being ready before June or July." There was extra cost there. Would you agree that this decision was the cause of additional expenditure. In other words, the overtime et cetera which gave no additional return.—A. No sir. I would not agree. We had a great deal of return from that expenditure.

Q. What was the return?—A. We did get the benefit of that overtime. The work was expedited, but we decided not to carry on with that extraordinary expediting action because it was not, in our opinion, giving the return commensurate with what might be hoped. We watched the situation from the outset, and had we carried it on for several months it would have involved very substantial expenditure. As it was, we watched it closely and when we came to the conclusion it was not going to give as great a return as we hoped, we terminated the arrangement.

Q. In other words, you say you carried on this arrangement for some months, and it gave a return, but if you had continued it it would not have given a return?—A. No.

Q. That is what I understood you to say. Would you repeat what you said.—A. What I endeavoured to convey was that if we had carried it on, we were going to incur still further expenditure. We would have got the buildings sooner and therefore we would have had a return, but we felt we were not going to get them as soon as we had hoped to a degree which would justify the additional expenditure so, and I think quite sensibly, we terminated the arrangement and limited the expenditure to the \$28,000 we in fact incurred. But we did get some return.

Q. It would not be fair to say you discovered it was an unprofitable arrangement and therefore stopped it?—A. It was well worth while making this effort and we came to the conclusion as we watched the progress of the work that it would be wise—

Q. When was it actually finished, or is it?—A. A considerable number of the buildings have been taken over.

Q. Was this overtime general over the whole job?—A. It was with respect to four or five of the major buildings on the site.

Q. My next question is, on page 2 you also say: "A plan to run a temporary overhead steam line from the boilers in two hangers to the supply depot and two barrack blocks was abandoned and the wood frames erected to carry the line dismantled . . ." Was this not the cause of additional expenditure which gave no additional return.—A. The cost of the work related to the item which you have just mentioned was \$390, less salvage of the wood frames which were dismantled. The fact is sir, that the new arrangement was a better and more efficient arrangement and the cost was less than it would have been had we proceeded with the arrangement which we abandoned.

Q. On page 4 you say: "A contract on construction of ground instructional school was awarded in December 1951, but work did not commence until April 1952 . . ." and then you say there was a series of delays waiting for re-enforcing.

The CHAIRMAN: Where are you—on page 4?

Mr. Macdonnell:

Q. On page 4, paragraph 2. Then it goes on: "Then in October work was held up for two weeks while consideration was given to altering the specified reinforcement to provide for more readily available type of steel. A further delay occurred waiting for the designer to turn out drawings—completion is expected early this fall."

Now, I realize there were changes, but my question is: would those changes not be the cause of additional expense which gave no additional return?—A. The answer to that, sir, is that no extra charge has been incurred in relation to that building.

Q. I am not quite sure of the effect of that answer. Do you mean that all this delay resulted in no expense of any kind?—A. We have negotiated with the contractor for any extra charge in connection with that project, and there has been no suggestion of any additional charge in respect to that building, sir.

Q. And there is no loss to the department or to you in any way by reason of the delay? It does not matter whether it is done in six months or six years, provided the contractor finishes the job?—A. I agree that it would be desirable to have the building some time earlier than it was actually received, but in this particular instance there was a delay due to the steel problem, due to the particular class of steel called for in this ground instructional school. But so far as any out of pocket expense is concerned, there has been no additional charge incurred.

Q. How much delay would you say was caused in the completion of the building? Is that a possible question to answer?—A. A total of about 5 months, sir.

Q. Should it not have been possible with all the knowledge available to the various organizations to foresee this shortage of steel and to foresee the necessity of altering your design? Surely you had all the information there was?—A. Sir, the shortage of steel in 1951 was such that we ran into the problem on several occasions. All the foresight in the world would hardly have precluded the difficulty, because the difficulty was relevant to the reinforcing which went into the foundations of the building, and we had to put reinforcing steel in the foundations, sir.

The CHAIRMAN: Did you not say something last week about the precautions which you took to make steel available? Could you not enlarge on that?

The WITNESS: Perhaps you were not present at the meeting when I outlined the fact that we were very conscious of that problem and that we ordered our reinforcing and our structural steel separately and in advance of the letting of the contracts for general construction, sir, in an effort to meet this difficult problem along the lines you have suggested.

By Mr. Fulton:

Q. On that point, you referred a moment ago to the shortage of steel in 1951. You have also said earlier that the contracts were awarded separately. But your own statement shows that the contract for this building was awarded in December, 1951, and that the work did not commence until April, 1952, when the first order of reinforcing steel was delivered. Your statement shows that there was a series of delays relating to reinforcements during the spring and summer and that in October, 1952, the work was halted for two weeks while consideration was given to altering the specified reinforcements. I wonder, if your answer to Mr. Macdonnell earlier was that a shortage of reinforcing steel occurred in 1951, why it was not until October 1952 that consideration was given to altering the specific reinforcements?—A. The particular building in this case was a ground instructional school and it called for a special type of steel. It created a special problem in this particular building, and that problem related to that difficulty, sir. The general problem of supplying reinforcing

steel was much more serious in 1951 than it was in 1952. But in the matter of this particular building there was this problem because of the particular design and the type of steel which had been specified for this particular building.

Q. Was this particular building completed, or is it being completed with the type of reinforcing steel originally ordered, or with a new type as a result of consideration given to the problem in October 1952?—A. They did change the type of steel, sir.

Q. You have referred then to knowledge of the serious steel shortage in 1951, but the fact is that it was not until October 1952 that you got down and got to grips with the problem of whether you were to proceed with the type originally specified, or would make alterations to the type presumably more readily available?—A. This was a problem relevant to this particular building, and I think it was, in part, a design problem that resulted in this difficulty.

Q. It was ten months after the awarding of the contract, though. I understood you to say that the steel shortage was serious in 1951, and that was the year you awarded the contract; but that it was not until 10 months later when work had been halted for some time that you gave specific consideration towards using a different type of steel?—A. I would have to check this point but I rather imagine it may very well be that the plans and specifications for the ground instructional school were not available until the time that this award of contract indicates, and that it would be at that time that this would have been given consideration.

Q. But if your work commenced in April, 1952, surely the plans and specifications must have been available at least by that time?—A. That is correct.

Mr. McILRAITH: There was no evidence that the steel which was subsequently used was available until 1952.

Mr. FULTON: But there was evidence that the steel which was specified was not available.

Mr. McILRAITH: That is right. But there was no evidence that the steel which was subsequently used was available in 1952. It was available at the end of the construction season in October, 1952, but there was no evidence that it was available in April, 1952.

By Mr. Fulton:

Q. What is the situation now in that regard, Mr. Johnson?—A. As I indicated, Mr. Fulton, what happened here was that there was some difficulty in getting that class of steel which was originally specified, and as a result consideration was given to changing the design, sir; and it was as a result of this consideration and of the time consumed in changing the design and the consideration given to it that this problem arose.

When a change in design affecting steel takes place, it is not unusual that there should be some delay due to the considerations involved. When at the outset of the construction season it became apparent that there was going to be some delay in getting this particular class of steel, consideration was given to revising the drawings for steel; and it was as a result of such revision that we did have quite considerable delay in this instance.

Q. I appreciate the point you have made. But we are left with the fact that, as I see it, according to your statement on page 4:

... consideration was given to altering the specified reinforcements ...

Consideration was given, but in October 1952 you had to alter the specified reinforcements to provide for the more readily available type of steel. And Mr. McIlraith raised the point that possibly the type of steel to which you changed was not available until October. So I ask you: what was the situation

in that regard? Was that in fact the reason why consideration was not given to the fact until October, 1952, although the contract had been awarded in December, 1951, while work had commenced in April, 1952?—A. I think perhaps the difficulty is that while reference is made in my statement to October, the time when consideration was given to altering the specified reinforcements, actually there was consideration given to that change earlier than that, sir. It is true that consideration was going on in October, but it actually started earlier than that, sir.

Q. I do not want you to indulge in guessing, and I think we are in some danger of that because I would take it from your next sentence that:

A further delay occurred waiting for the designer to turn out drawings for the placement of reinforcing—these were not received until December.

That would suggest to me that in fact no real consideration had been given to it prior to October, because it looks as though it was not until after October that you asked for designs and changes which would result in a change in the type of steel.

Mr. DICKEY: Mr. Chairman, this is perhaps a phase of the matter which Mr. Davis may be able to deal with either now or later, because it is rather a design problem.

Mr. DAVIS: I could obtain the information.

The WITNESS: Work was not completely stopped, if you are under that impression. Work was progressing. But it was not progressing as rapidly as it might have had that reinforcing steel been available, and it was because of that fact that consideration was given to the changing of the design.

Mr. FULTON: I understood that the reinforcing steel was for the concrete foundations. You would not do very much work if your foundations were held up?

The WITNESS: The whole building is of reinforced concrete, sir.

Mr. MACDONNELL: I have one more question. On page 5A Mr. Johnson said:

On September 22, 1951, amounting to \$549,341 for the repairs to runways, aprons, taxi-strips and drainage. The amount of work, on a unit price basis, has been increased and the current value of the contract is \$909,541. This work is 95 per cent complete and completion will be effected in the spring.

Now we have a lapse running well onto two years, and a change of work to the extent of some \$300,000-odd added to the price. Now, could you give us a background as to the reason for this additional expense?—A. The background of that, sir, is that Penhold had not been used as an air force station after the end of world war II, and the runways had fallen into disrepair in the intervening six or seven years. When it was decided to activate this station, quite obviously the runways, aprons, taxi strips, and so on, had to be put in a state of good repair and tenders were called on the basis that is common to that class of work, known as estimated quantities and firm unit prices. I think four tenders were received; Assiniboia Engineering Company were the low bidders. The contract was awarded to them in the amount of \$549,000-odd on the basis that they would be paid the firm unit prices that they had quoted for the various classes of work involved on the quantities actually performed as certified by the engineers in charge of the work. Now, it turned out that, because this was a repair job and the runways had not been used for so many years, the quantities actually performed were considerably greater than those which had been estimated. That is not an unusual situation in the repair of such runways and aprons. It is only when the conditions of the ground are disclosed below the

surface that the actual amounts could be determined, and whatever was done was paid for at the agreed prices at the time of the tender call.

Q. I could understand the unexpected soil conditions better if it had been a new runway, but I would have thought that this being a repair of an old runway, the subsoil conditions would have been known.—A. This was not a question of the subsoil conditions. These runways had not been used for many years and it would not be until the exterior surface had been removed that you could know what the conditions below the surface were.

Q. In other words, this was not a firm price contract, it was not exactly a cost plus—

The CHAIRMAN: That is not what he said—

Mr. MACDONNELL: I said it was not exactly like cost plus, I said it apparently was based on the cost and not on a firm price at the time. That is all I am saying. Do not let us get excited about it.

The CHAIRMAN: That is not exactly what he said. I understood him to say that they were firm unit bids. In other words, a yard of gravel will cost 80 cents and if there are 6,000 yards the total cost will be 80 times 6,000. That is what he said.

Mr. MACDONNELL: That is right.

Mr. BENIDICKSON: Which is the way the provincial governments award road building contracts.

The WITNESS: There were many unit prices for different classes of work. We did get competition on the tender call. The various contractors interested tendered on the basis that they would be paid firm prices for the actual quantity of work performed. If I could give some examples: they had to install catch basins; they had to remove six-inch pipe and replace it with other pipe; they had to remove and place eight-inch pipe—

By Mr. Macdonnell:

Q. This was all unexpected?—A. No, sir, these are the items in the tender call on which all the contractors who bid quoted their prices for doing this work. There were several different sizes of concrete pipe involved, six-inch, eight-inch, ten-inch and fifteen-inch diameter pipe. There was grading, excavation, and many, many items of a similar nature.

Mr. FULTON: This brings us back to a point with respect to a previous question. You were going to get information as to whether the people who did the demolition of the previous buildings could be held liable for any increase in the costs incurred as the result of them not having removed those concrete slabs. Have you got that information?

Mr. DAVIS: That is going to be tabled, but it has not been completed yet. However, that information did not deal with the runways, which is an entirely different matter.

Mr. FULTON: It is just to remind you that I mentioned it.

The CHAIRMAN: Mr. Davis is preparing that.

By Mr. Herridge:

Q. Mr. Chairman, I would like to ask Mr. Johnson a question or two. On page 3 of the statement on Penhold, at the bottom of the paragraph dealing with construction of water and sewer distribution system. I read:

“The extension to Alexander’s contract was on a firm price of \$13,257.66 each for drilling new wells—including pipe and pump house.” And then it goes on to say: “The two existing wells were both 275 feet deep—well No. 3 produced a satisfactory flow at 105 feet, but well No. 4 had to be drilled to a depth of 329 feet.”

Now, Mr. Chairman, in view of the information we had concerning the nature of the pump house, which was a very small frame structure, this seems a very high cost for drilling two wells in view of the average cost of drilling wells for farmers in Alberta. Would the witness give the committee any information as to the size of the pipe or the difficulties that were encountered? If a farmer had to pay such amounts as these for drilling a well, he would never drill one.

The CHAIRMAN: Isn't it possible that they may have been drilling for oil!

Mr. STICK: We have no evidence as to the average cost paid by Alberta farmers for well drilling.

Mr. DICKEY: And this was to supply water to a town of 3,000 people.

Mr. HERRIDGE: Mr. Chairman, I do not like this pinchhitter on my right butting in.

Mr. FLEMING: He is running interference, football tactics!

The WITNESS: I have details of that cost, sir, as to how it was made up. I think the important thing to bear in mind is that this was to provide a flow of water at the rate of 200 gallons a minute and I imagine that is somewhat above the requirements of the average farmer in Alberta.

By Mr. Herridge:

Q. What is the size of the pipe?—A. The pipe was four-inch cast iron water pipe for the water line in the well it was an eight-inch casing with 6½-inch pipe. The cost of the well drilling and testing was \$6,000; the cost of the pump house was \$1,323; of the electrical installation, \$731; of the electrical power cable, \$1,050; and of the four-inch cast iron water pipe which I mentioned before, \$4,150—making up a total, I think, of \$13,000, which I think does not lend itself to the comparison which has been made to a farm water supply.

Q. This is a little more expensive than would be paid by the average farmer. I admit that. You said that the pump house cost \$1,323. What kind of a pump house was it?—A. It was a frame pump house on a concrete slab.

By Mr. Thomas:

Q. The other day—I do not remember whether it was Tuesday or Thursday—we were talking about the extra costs incurred because of the lack of knowledge of soil conditions and of knowing about these concrete slabs, and so on, and it was indicated at that time that it was the responsibility of the department to pay these extra costs. Now, on this tender form which came out today, addressed to Defence Construction Limited, 400 Kensington Building, Winnipeg, Manitoba, it says:

Having carefully examined the site of the proposed buildings enumerated below at the R.C.A.F. Station, Penhold, Alberta, as well as all contract documents relating thereto, including the plans, specifications, general conditions, form of agreement and instructions to bidders, we hereby tender an offer to enter into a contract within the prescribed time to construct the said undernoted buildings in strict accordance with the said contract documents and such further detailed plans as may be supplied from time to time.

An interesting point is that these contractors when they tender indicate that they have examined the site of the proposed buildings and everything relating thereto and therefore I would consider that it would be the responsibility of the contractor to look into all these things which caused the extra cost, rather than the government.—A. The contractor is expected to visit the site, but unless he has a siting plan for each building he cannot be expected to know precisely where the building is to go.

Q. That is true, but should not he have the data on the soil conditions and these concrete slabs, and so on?—A. I am sorry, sir, I did not get that.

Q. Well, he would not know the exact site of these buildings, but he would know the general lay-out and what you might call the campsite would be known, although the individual sites of the buildings probably would not be determined, but they would know that they were to be erected within a certain area—I think you said it was 35 acres at Penhold. Would they not be responsible to check into that entire 35 acres and find out the soil conditions and whether or not these slabs might interfere with construction and so on before giving a tender?—A. They would be expected to know the general nature of the site, sir, but they would not be expected to know whether they had to remove the concrete slabs. I think your question gives me an opportunity to enlarge on the wisdom of paying for the removal of the concrete slabs as a change order rather than in the original tender price. If the contractors had to provide in their tender for the contingency that all of these buildings would have been located on the concrete slab, they would have had quite obviously to put in substantial amounts for the removal of that slab, whether they in fact had to remove it or not. Therefore their prices would have taken that into account. Now the fact is the removal of the slab was not considered one of the contingencies for which they had to bid; therefore it was not in their price and we were able to negotiate a reasonable price for the amount of slab which in fact they had to remove.

Q. Would it be possible that some of these other contractors who bid took that into consideration?—A. The terms of the contract did not require them to take into consideration the concrete slab as part of their tender price.

Q. It naturally would not because neither the contractor nor the government apparently knew they were there.—A. As has been mentioned before to this committee, the exact siting of the buildings was not determined.

Mr. HERRIDGE: Mr. Chairman, could Mr. Johnson give us information as to the size of that pump house?

The WITNESS: I have not got the exact size, but I could get that for you.

The CHAIRMAN: General Pearkes, have you a question?

By Mr. Pearkes:

Q. I see on page 4 of this list that there is an item for the repair of runways. Were any new runways constructed?

The CHAIRMAN: Page 4 of what, General?

Mr. PEARKES: Page 4 of Part III—Table B, D.C.L. (Building maintenance section) contracts.

The WITNESS: There were no new runways involved, sir.

By Mr. Pearkes:

Q. Have any new runways been constructed or any extension to existing runways?—A. No, sir.

Q. Have the runways which have been repaired been strengthened all over to take the heavier load of aircraft or have they just been patched up to take the same type of aircraft as was used during the period 1939-45?—A. I have not any information, sir, as to whether they were strengthened or not. I will have to get that.

Q. Can you tell us the length of the runways?—A. I would have to get that too, sir.

Q. The reason for my question is this. There seems to be a tremendous outlay being made and that we are not making provision for modern types of

aircraft. We are having the same type of runways and the same length of runways as we had during the war.

The CHAIRMAN: Perhaps that is not quite a fair statement, but it is not your fault. They were not able to answer your question because they did not know whether the strengthening was two or three feet. There is a strengthening but they are not clear on it and are going to find out. There is a general strengthening

Mr. PEARKES: That was not given to me. I would like to know the length of these runways because the general tendency in the last five years has been to extend all runways very very considerably for modern aircraft.

Mr. DAVIS: May I mention, sir, that in the plans for strengthening and renovating these runways they took into consideration the type of training which was to be carried out at Penhold and the type of aircraft which were to be used. They are not the same aircraft as were used during the second world war, but they are also not the type of aircraft which might require the extreme length of runways we have to have on some airdromes, and that has been taken into consideration in selecting the site and in the work to be done to bring it up to the conditions necessary for training. We would extend the runways if necessary to deal with the actual aircraft we are using there.

Mr. PEARKES: Is the land available for the extension of these runways now?

Mr. DAVIS: That is a difficult question to answer. It depends on what extension you visualize.

Mr. PEARKES: Quite obviously we are going to require longer runways with the more modern aircraft as you will undoubtedly, in a few years time, be training on more modern aircraft and it is a reasonable thing if we are going to make this large expenditure that we should have provision made for the aircraft of the immediate future, the jet aircraft.

Mr. McILRAITH: Before the question is answered—General Pearkes states quite obviously we require longer runways for the modern aircraft. Is not that a point which is very much under discussion and argument?

Mr. PEARKES: I am asking whether the land is available or not?

Mr. McILRAITH: It was just your statement you made.

Mr. FULTON: Is it not obvious?

Mr. McILRAITH: No. I understand it is a point of discussion whether any of the runways are longer than required.

Mr. FULTON: Is it not a fact jet aircraft require longer runways because they come down faster than other types?

Mr. McILRAITH: I am not competent to answer the question. I doubt if this witness is.

Mr. PEARKES: It is a very reasonable question.

Mr. McILRAITH: It is not the question. The objection is to the statement.

The CHAIRMAN: It was part of the question as I understood it: is a longer air strip necessary?

Mr. McILRAITH: I have no objection to General Pearkes pursuing his line of questioning, whether there is room for the extension of the runways, but I do object to him giving evidence about modern aircraft.

Mr. FULTON: Perhaps we should ask why the government has been spending all this money on lengthening runways if it is not necessary. Are we not entitled to take notice of the fact that it has been done?

The CHAIRMAN: Gentlemen, we will have the answers given by the experts now.

Mr. DAVIS: Could I get your question again, please?

Mr. PEARKES: Is the land available for the extension of the runways if required; do we own additional land there?

Mr. DAVIS: I can find out the extent of the land. The policy would be to only provide actually for the land required for the existing commitment. The training which is carried out at Penhold is the first stage of training up to wing standard. At Penhold they do not train on jet aircraft. There is no intention of training on jet aircraft at Penhold. There are other stations where they go in for later stages of training and, where they do use jet trainer craft. It would not be economical to provide extended runways at Penhold to take jet aircraft.

Mr. PEARKES: I would like to know whether the facilities are available for the extension of the runways, whether the additional land is there for lengthening the existing runways.

Mr. DAVIS: Extend to what length? There are many different lengths of runways at airfields depending on the aircraft to be used.

Mr. PEARKES: The length of the runways at Penhold, whether there are facilities for the extension of those runways if required.

Mr. DAVIS: We will find that out for you, sir.

The CHAIRMAN: Is there anything further on Penhold?

Mr. HERRIDGE: One more question. Mr. Johnson said he would get the size of the pump house. Would he get the number of board feet used in the construction of the pump house and the lumber as well.

The CHAIRMAN: We will get it.

Mr. STICK: If you are through with Penhold I have a question.

Mr. THOMAS: I was just wondering if Mr. Johnson had the information on the fuel costs he said he was going to get.

The WITNESS: On the coal. That is not complete. I have certain information, but in order to have it accurate I would like to table it at the next meeting.

Mr. FLEMING: Before we leave Penhold, I would like to move:

That this committee recommend to the House that consideration should be given to retaining Mr. George S. Currie to undertake a complete investigation into the construction of the R.C.A.F. station at Penhold, including the awarding of contracts, the expenditures, the delays in completion and the adequacy of the construction work performed, with power to retain such assistance from competent engineers and contractors as he may consider necessary.

I am not going to argue this at length, Mr. Chairman. I just wish to make one or two observations on it.

Mr. STICK: May we have a copy of your resolution before we discuss it. Have you copies?

Mr. FLEMING: No.

Mr. STICK: I think you should give notice of the question before discussing it.

Mr. FLEMING: We are dealing with a matter of an expenditure running into some millions of dollars.

The CHAIRMAN: Wait until I read this motion;—

That this committee recommend to the House that consideration should be given to retaining Mr. George S. Currie to undertake a complete investigation into the construction of the R.C.A.F. station at Penhold, including the awarding of contracts, the expenditures, the delays in completion and the adequacy of the construction work performed, with power to retain such assistance from competent engineers and contractors as he may consider necessary.

The thought has just occurred to me, Mr. Fleming, whether we have not already dealt with that in the broad recommendation that was made of retaining Mr. Currie for the purpose of a full investigation. Is not it included in that?

Mr. FLEMING: We were told at that time Mr. Chairman, by a great many in this committee, in discussing that, that the motion was premature.

Mr. McILRAITH: But you insisted on putting it.

The CHAIRMAN: I suggested it was premature at the time but you would not hold it.

Mr. FLEMING: That is quite true. That is the answer to the question that has been determined conclusively.

Mr. DICKEY: It was a question that was premature.

The CHAIRMAN: Let us look at the record for a moment.

Mr. McILRAITH: Page 78, second paragraph.

The CHAIRMAN: This was Mr. Fleming's amendment.

That this committee do forthwith submit to the House of Commons the following as its second report:

In accordance with its order of reference from the House, your committee has considered the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esq., Chartered Accountant, tabled in the House of Commons on December 15, 1952, has devoted two meetings to hearing the testimony of Mr. Currie with reference thereto, and finds that the said Report has been fully supported in all respects by Mr. Currie in his testimony.

Your committee recommends that Mr. Currie be authorized to continue his enquiries and conduct an investigation, similar to that already undertaken, into all aspects of organization, accounting and administration of the Department of National Defence.

And then at page 105, Mr. Thomas moved an amendment to the amendment, that after the word "that" in paragraph 2, line 1 the following words be inserted "following an investigation by the present Defence Expenditures Committee," and after debate on the matter it was turned down by the committee. The sub-amendment and the amendment were both turned down by the committee. Now, Mr. Fleming, how do you differentiate between the present motion and your previous motion?

Mr. FLEMING: The two things are quite different. What was proposed on the earlier occasion was that the committee should make an earlier report embracing certain things; first of all, that the committee had carried out certain instructions given to it by the House in making a finding with regard to that particular inquiry in relation to the report of Mr. Currie tabled December 15, 1952. There is nothing of that in this present motion. The second part of that motion proposed that the report should also include a recommendation to the House that Mr. Currie should be authorized to continue his inquiries and conduct an investigation similar to that already undertaken into all aspects of organization, accounting and administration of the Department of National Defence. Here we have been dealing with a specific project. It is a specific project, not just the Department of National Defence. It is a project carried out by the Defence Department through Defence Construction Limited. Mr. Chairman, this is a specific matter. The other was general and in relation to the entire Department of National Defence.

This present motion proposes that a recommendation made to the House with respect to an inquiry into a particular project, and the inquiry has to do, as you will see from the terms of it, principally with the Department of Defence Production, and its creature, Defence Construction Limited, and therefore, Mr. Chairman, I think it is quite clear that this motion could not, by any stretch of the imagination, be said to be included in the previous motion, and covered by it, so as to preclude any motion of the kind I am now introducing.

The CHAIRMAN: Gentlemen, is there any further discussion? Mr. Fleming makes the distinction that his former motion dealt with the Department of National Defence and that this one deals with the Department of Defence Production and is more specific in form. I think there is a distinction there.

Mr. FLEMING: May I just say that I am not proposing to argue this. I think the matter is quite clear. I say this is an important matter. There is an expenditure involving something like \$7 million, and the answers we have had so far may satisfy some members of the committee, but there are others of us who are not satisfied.

Mr. DICKEY: Surely then the questioning can be continued.

Mr. FLEMING: Just one moment. The evidence, because of the nature of the present inquiry by the committee, is of an ex-parte nature, and we think it is highly desirable there should be information obtained from other quarters. Mr. Stick made a very appropriate observation this morning when he said that we have no basis of comparison. I think that emphasizes the reason why there should be something broader in the way of a search for information than is possible to obtain in this committee here. There is another aspect also to it. I think in relation to expenditure, we can see now that a further inquiry into the expenditure at Penhold should be able to take account of the purpose, and compare that with the purpose served in relation to the expenditure made previously during World War II. Just one last thing. It was in relation to Penhold that Mr. Thomas much earlier suggested in the proceedings of this committee and in the steering committee that the committee should conduct an inspection of the site themselves and should go out and see the site. There are a number of us here who took the position that it was not a job for the committee to go out there. It was doubtful, even if we did go and incurred the expenditure and time involved, that very few of us would be competent to make a finding on what we might see in relation to construction there. That I think emphasizes the necessity of proceeding in the manner proposed in this motion in asking a competent gentlemen, Mr. Currie, to conduct an investigation with power to retain such assistance from competent engineers and contractors as he might consider necessary.

Mr. STICK: Speaking of Mr. Fleming's motion, there is a difference of opinion between Mr. Fleming and myself, and members of his group and ours, but the way I look at this motion is, that it presupposes the necessity for a further inquiry into Penhold. It may be the evidence we have received to date may not be sufficient for Mr. Fleming to make up his mind on Penhold, but I submit myself, and I am quite satisfied, that the evidence we have received thus far, does not warrant such an inquiry, and if there is any further evidence required the witnesses are here to give it. As regards going to visit Penhold, I understand this is not a court of law, but we seem to be proceeding on that basis, and I would like to point out that in a jury, if a jury had to bring in a verdict on this motion, the judge would probably send the jury out to Penhold to look into it so as to get a better panoramic view of the whole situation. Mr. Fleming does not see the necessity of that, but I am prepared to go to Penhold any time, and it is my opinion that there is nothing in the evidence thus far to warrant such an inquiry. If there was, I would support Mr. Fleming's motion,

but I cannot see it that way at the moment. If there is any further evidence this committee wants it is here to be got. If there is any further evidence Mr. Fleming wants from the witnesses they are here to give it. That is my observation on Mr. Fleming's motion. There may be a difference of opinion between Mr. Fleming and myself as regards the necessity of this further inquiry at the moment, but I cannot see it.

Mr. DICKEY: I think it is quite obvious as Mr. Stick says, and I agree with Mr. Stick, that if Mr. Fleming had anything specific that he could bring forward to support this motion he would have done so, but he has not done so, and the facts are that we have had three, if not four, pretty full meetings on the general construction policies, and in considering the particular situation in so far as Penhold is concerned. In the case of Penhold we have had a five or six page resume of every activity on that station. We have had tables showing all the tender calls, the range of the bids received, and the reason for awarding contracts has been clearly stated. We have had evidence explaining the utility of what the station is to be used for, and the difficulties that were faced, in full detail every change order relating to any of the contracts at the station, and it seems to me that if there is any basis for this motion at all, then Mr. Fleming should have been able to place before the committee substantial considerations as to why a further investigation should be recommended at this time. I think the situation is, Mr. Chairman, that, looking at the proceedings of this committee as perhaps they should not be looked at, but as it is obvious some members of the committee apparently think they should be looked at—as an opportunity for the opposition to dig out grounds for complaint and things that are wrong that they think must be there. But they have not been able to find anything. Looking at the committee this way it is obvious, in spite of the very detailed and lengthy consideration of this particular project, that they have completely failed to find any grounds for complaint at all, and they now want to leave the study of facts, which has not been profitable to them, and get the headline notoriety involved in getting the committee into a debate on a motion of this kind where they bring up questions of—

Mr. FLEMING: Mr. Chairman, I think you should leave that out and tell Mr. Dickey he is not in the right in transgressing the rules of the committee.

Mr. DICKEY: There is no rule against stating the facts.

Mr. FLEMING: There is a rule against imputing motives. I think you ought to be aware of that, particularly when it is quite wrong imputing motives—

Mr. DICKEY: The facts are, as I think I have stated them, that I do not think this committee should lend itself to that kind of thing, and should not debate this motion but vote it down.

The CHAIRMAN: Mr. Fleming, it occurs to me that if Mr. Currie were to make an investigation would he not have to go to Mr. Johnson and Mr. Davis and other officials in the department to obtain the information in the same way we are obtaining the information now?

Mr. FLEMING: Undoubtedly he would take all the information available from these sources, but he would not be confined to them.

Mr. DICKEY: We are not confined to them either.

Mr. FLEMING: I want to make it quite clear I am not making any attack on these witnesses. They are part of the administration and it is natural that those who have had something to do with this will take a defensive attitude towards it.

Mr. DICKEY: On a point of order Mr. Chairman. I do not think that these witnesses should be subjected to that kind of imputation. Mr. Fleming can impute anything he likes to me, and I will not complain, but I do not like this "defensive attitude" in giving evidence, and I do not think that is correct.

Mr. FLEMING: I did not say it was inaccurate. I was not imputing anything to the witnesses. I said it was only natural under the circumstances that people who had a part in this, naturally, when approaching questions like this now under consideration, would take a defensive attitude.

Mr. DICKEY: Mr. Chairman I object to that observation, and I think it should be withdrawn.

The CHAIRMAN: I think the words "defensive attitude" are not quite fair, Mr. Fleming.

Mr. FLEMING: There is nothing unfair in what I tried to convey with these words. What I said earlier, as you might remember and Mr. Dickey did not notice, was that an inquiry of the kind we are conducting now where we simply call witnesses from the department is, by its nature, a kind of ex-party inquiry. That is the kind of inquiry this committee has undertaken, and I am afraid the only kind it can undertake. What I was suggesting was that an investigator such as Mr. Currie, given the powers proposed here, would not be confined in that way.

Mr. DICKEY: But this committee is not confined in any way.

Mr. FLEMING: He will have power to go farther than we are able to go here.

The CHAIRMAN: Gentlemen, gentlemen, just one second. Can we not talk some sense—I should not have said that—

Mr. DICKEY: You are absolutely right, Mr. Chairman.

The CHAIRMAN: Let us talk this thing over. Do you agree with me, Mr. Fleming, that all the information that members have requested from the witnesses has been given?

Mr. FULTON: Not yet.

The CHAIRMAN: All the information with respect to Penhold that was available at this moment has been given, and other information will be brought forward. In other words, that nothing has been denied any member of this committee. No information has been denied any member of this committee with respect to Penhold.

Mr. FLEMING: I did not say that.

The CHAIRMAN: Would you agree with that?

Mr. FLEMING: I agree that these witnesses have given answers to questions asked. I am not satisfied with the answers in many cases.

The CHAIRMAN: I cannot blame you too much for that, sitting where you are, but they have given the best information that they have available.

Mr. FLEMING: They have given certain answers to the questions. In some cases I am not satisfied with the answers given which were based on conclusions, and conclusions, in many cases, which did not carry my judgment with them. In many cases I would have liked to have something more direct. I was not putting my motion on the basis in which you are putting it at all. I was not imputing anything improper. I was simply making the comment that the kind of inquiry we are making here, I think, is not adequate to bring out what should be brought out of public importance in relation to a contract as large and as important as this one.

The CHAIRMAN: What information do you want that is not now available?

Mr. FLEMING: I would want competent engineers and contractors to go out on the spot and review these matters touched on here in question on which we have had comments, sometimes from Mr. Johnson and in other cases from Mr. Davis, and on which they have given us their views. But those views may not be good views at all that would be held by engineers and contractors who

would go out there and examine the work for themselves and what has been done. And it would be on that point, in relation to inspection and examination of the place, that I made my earlier observation in regard to the earlier suggestion by Mr. Thomas, which was considered some time ago, as to whether or not the committee should go out and see first hand what had been done or undone at that particular site. I am suggesting that there should be a first hand inspection, but that it should be done by persons who I think are competent and qualified by experience, and who would submit adequate reports.

The CHAIRMAN: Is it your view that there is something to be gained by going out to see the place?

Mr. FLEMING: I think there is a great deal to be gained by having an inspection made by persons who are competent and qualified to do it.

The CHAIRMAN: What about the committee?

Mr. FLEMING: I am not discrediting this committee or its personnel in any way, but I do not think this is a proper undertaking for a parliamentary committee. I think it is a matter to be undertaken by persons who are qualified.

Mr. JUTRAS: Just what are the functions of a parliamentary committee?

Mr. BENIDICKSON: What are we here for?

Mr. JUTRAS: It all goes back to where we started at the beginning. They took the position from the start that an independent body should be called upon from outside to do the investigation, and that this committee would not do anything. Now he brings a motion back again, and it is just passing on the responsibility to somebody else, and getting some bureaucrats to look into the situation. Either this committee can do a job, or there is no point to our sittings.

Mr. DICKEY: Hear! hear!

Mr. JUTRAS: They take the position that we should spend more money—and by the way, in passing, this committee is to recommend economies where it sees fit. But so far we have had nothing but further expenses suggested from certain members, particularly those of the opposition. Now we are dealing with Penhold. We have got piles of documents, and all questions have been answered. As a matter of fact, if there was an independent engineer or somebody else appointed to look into the matter, he would probably take all these documents and compile them into a report. That is probably what he would do. He could not do very much more. Now, Mr. Fleming says that Mr. Currie would be able to go much further than the committee. But the powers as outlined, as I understand it, according to the way you read them, Mr. Chairman, are very much the same as the powers that have been given to the committee. I do not see that Mr. Currie would have more powers there than this committee already has.

Mr. MACDONNELL: The resolution recognizes that Mr. Currie himself would have to have expert engineers.

Mr. JUTRAS: That is all right. But his powers would be no different from the powers that the committee already has. I submit that it does not justify the spending of several thousand dollars to get somebody else to head another committee. Our powers are the same as Mr. Currie would have. Mr. Currie would be in no better position than we are from that point of view. You admit that in your own motion, and you say that he must go out and get somebody else. What is the point of getting Mr. Currie in the first place? It would be just another waste of money.

Mr. FULTON: Dealing with the matter which Mr. Jutras has raised and the suggestion that this work would involve a great deal of expenditures, I think that the minister in a verbal communication to you, Mr. Chairman, indicated that the committee would be welcome. He went so far as to say that he would welcome the committee visiting any one of the projects.

Mr. JUTRAS: Mr. Chairman, on a question of privilege—

Mr. FULTON: He said—

Mr. JUTRAS: Mr. Chairman, I was not referring to Penhold at all. I was only referring to appointing Mr. Currie.

Mr. CHAIRMAN: What you say is quite right.

Mr. FULTON: The minister has suggested that we could go and see a number of these places. It would certainly involve a great deal of expense, and I suggest to you that the expense would be possibly unjustified because there is no one, so far as I know—there is no one of us who has had any experience in the contracting or construction business. Consequently, if we should go to see these places, we would be just looking at a lot of buildings.

Mr. McILRAITH: Speak for yourself on that point.

Mr. FULTON: We certainly would not be qualified to make any expert conclusions and I suggest it would be a waste of money for us to go out there. We would require to have expert assistance; and what is being referred to here in one branch of the motion is that the expert assistance should be in the form of qualified engineers and contractors. Now, I suggest to Mr. Jutras and to the other members of the committee that there would be a great deal less expense for Mr. Currie, who is a qualified engineer and who knows how to conduct these investigations, to go out himself with a small team, to see these projects. We would obtain a great deal more in the way of results in that way, and his opinions would carry weight and would include a great deal more in the way of factual information than if this whole committee were to drive out to Penhold. Moreover, after we had made all these investigations and examinations we still would not be in a position to reach any conclusions. As to the suggestion that on the spot inquiries and examinations should be conducted, I was interested in what Mr. Stick had to say in that regard. He said that he would be perfectly prepared to go out and make an on the spot investigation. But the resolution suggests that an investigation could be carried on with a great deal less expense and with far more benefit if Mr. Currie and a small team were appointed to make that investigation, rather than to have this committee go out and do it for itself.

Mr. STICK: With regard to Mr. Fulton's remarks, I think we would find it less expensive if the committee went out than to have Mr. Currie and his team.

Mr. BENIDICKSON: It would just cost us the gasoline, that is all.

Mr. STICK: We would not be drawing any more salary. Yet Mr. Fulton suggests that this committee is not competent to do their job.

Mr. FULTON: No, Mr. Chairman. I did not say that the committee was not competent to do its job, that is, the job for which the committee was appointed. I said that the committee was not qualified to make any investigations of construction projects and reach any conclusions as to the adequacy or otherwise of the construction, or whether or not the construction has come up to the specifications. I do not think that Mr. Stick would claim that it is.

Mr. DICKEY: That is a personal observation.

Mr. FULTON: I do not think that Mr. Stick would admit that he is qualified. I know that I certainly am not qualified.

Mr. BENIDICKSON: You are unduly modest.

Mr. STICK: If I went into it, I think I would be qualified to know whether the government was getting value for the money spent.

Mr. McILRAITH: I should like to say to Mr. Fleming with respect to this matter that I am quite a little surprised this morning at his motion. After the committee conducted its sittings and finished the taking of Mr. Currie's evidence, at that point it was interesting—and this is relevant to what I am

going to argue—it was interesting that the official opposition representatives on the committee did not ask Mr. Currie any questions. We had none whatever. But at the conclusion of his evidence, they came forward. Mr. Fleming came forward with a motion which combined two main recommendations. The first one had to do with Mr. Currie's report; and the second one read this way:

Your committee recommends that Mr. Currie be authorized to continue his enquiries and conduct an investigation, similar to that already undertaken, into all aspects of organization, accounting and administration of the Department of National Defence.

There were two main objections, as I recall it. As I have said, I did not anticipate this motion this morning, so I am merely relying on my recollection of it. But there were two main objections to that motion. One was that there were two motions in one. That was disregarded as of no significance now in any event.

The second objection was that which dealt with the second part of the motion, that it was premature. There is the fact that the vote is not recorded. That point was taken mainly by the Social Credit member of the committee, and his amendment was negated. But unfortunately the vote is not recorded after that argument.

Mr. FULTON: That would seem to imply, if we voted against his amendment, that you felt it was not premature.

Mr. McILRAITH: That is precisely what the hon. member argued, and rather vigorously, as I remember it. We have to take into consideration the fact that the motion was not premature, and that they succeeded in having the chairman put the motion. They got their way and they had the motion put. Then when the motion was put, Mr. Fleming, having requested a recorded vote, the question was put on the amendment, and it resulted in this. It is recorded at pages 105-6 of our proceedings.

In other words, Mr. Fleming and the other members from his party on this committee succeeded in getting their point, that the motion was not premature and that it should be put, and they had it dealt with, and had the motion negated. Now, having gotten a decision of the committee, and finding themselves bound by it, they are now arguing that they are not bound by the earlier decision, yet they asked to be bound by the earlier motion. Thus they are now arguing the very opposite from what they argued at that point. Now, it comes back to this and I want to elaborate on it.

Mr. FULTON: Mr. Chairman, on a point of order, I think you yourself have ruled that the motion now before us is not the same motion as the motion earlier presented and voted upon. Am I not correct?

Mr. McILRAITH: No.

Mr. FULTON: Am I not correct, Mr. Chairman?

The CHAIRMAN: I did not make any ruling, but it was my view that this was a proper motion.

Mr. McILRAITH: I am not aware of any ruling.

The CHAIRMAN: No. There was no ruling on the motion. I tried to draw some distinction between the present motion and the earlier motion.

Mr. FULTON: On a point of order, you ruled, or it was the feeling of the committee that the two motions are distinct.

The CHAIRMAN: Mr. McIlraith might very well argue me out of my view. That the motion is in order.

Mr. McILRAITH: I think that I am quite in order.

The CHAIRMAN: Yes, you are in order.

Mr. McILRAITH: In arguing in that way, I am certainly quite in order.

The CHAIRMAN: Yes, surely.

Mr. McILRAITH: I think the wording of the resolution is rather interesting. It is this:

That this committee recommend to the House that consideration should be given to retaining Mr. George S. Currie to undertake a complete investigation into the construction of the R.C.A.F. station at Penhold . . .

You will note that the motion reads: "That this committee recommend".

Mr. FLEMING: To see whether or not this involved any expenditure of money. That was the sole reason.

Mr. McILRAITH: As I was saying, before the interruption, the motion reads:

That this committee recommend to the House that consideration should be given to retaining Mr. George S. Currie to undertake a complete investigation into the construction . . .

You will note that it says: "A complete investigation". In other words, the inference is that this committee did not completely investigate.

. . . into the construction of the R.C.A.F. station at Penhold, including the awarding of contracts, the expenditures, the delays in completion and the adequacy of the construction work performed, with power to retain such assistance from competent engineers and contractors as he may consider necessary.

You will notice that the motion is shot through with inferences and imputations in every phrase. For instance, Mr. Currie is not to be given the power to retain engineers as Mr. Fleming argues, at all. He is to be given power to retain assistance from competent engineers. But who is to determine their competency is another matter. Mr. Currie is to be trusted part of the way, but not to be trusted the rest of the way.

Mr. FLEMING: Please read the whole thing.

Mr. McILRAITH: Yes, I shall read the whole thing.

Mr. FLEMING: You are giving an unfair representation from the portion which you have selected.

Mr. McILRAITH: I shall read the whole thing, and we shall be free, each one of us, to draw our own conclusions.

The motion is:

That this committee recommend to the House that consideration should be given to retaining Mr. George S. Currie to undertake a complete investigation into the construction of the R.C.A.F. Station at Penhold, including the awarding of contracts, the expenditures, the delays in completion and the adequacy of the construction work performed, with power to retain such assistance from competent engineers and contractors as he may consider necessary.

Any deficiency in the reading is only in my own inability to read well. You will note again, just following out my theme, the inferences, imputations and implications all through the motion. For instance, the delays in completion: is the inference from that that we are referring to undue delays or what is the inference in it? Why, if he is making a complete investigation into the construction of the R.C.A.F. Station at Penhold, include all these other things? So much for the motion itself, that is, the wording of it.

The CHAIRMAN: Let me see it, will you?

Mr. McILRAITH: What I am coming to, Mr. Chairman, is this, that this all seems to stem from an attitude with respect to the committee that, I submit, is wrong in law and is wrong according to parliamentary procedure, and that attitude is that expenditures are not something that should be examined into by members of parliament, that they must be examined into by some outsider, and that somehow or other members of parliament lose their competency when they are elected. Now, our whole theory of parliamentary procedure is based on a different attitude altogether, it is based on the attitude that it is the function of members of parliament to approve expenditures and to examine into expenditures.

Mr. FLEMING: The function of the government is to thwart the examination.

Mr. McILRAITH: I am sorry, I did not hear that interjection to know whether it is worth replying to.

Mr. FLEMING: The function of the government is to thwart the examination.

Mr. McILRAITH: We have a situation here that the members of the opposition first sought not to have this committee, they wanted another form of an investigating committee. Then when we came into the actual work of the committee, with a very wide reference to examine into defence expenditures, following out that view, and feeling as they did about the propriety or impropriety of having a parliamentary committee to do the job, they refused to ask any questions whatever from the investigator.

Mr. FULTON: We had his full report before us.

Mr. McILRAITH: Following that pattern of having refused to examine that witness when he was here with his whole report before us—each member having a copy—they knew so much about it and of it they asked no questions whatever.

Then we come on to these other matters and I remember that the steering committee acceded to their requests, and I think the sequence pretty well met their wishes, the order of departments to be brought forward for examination.

Mr. FLEMING: That is quite right, everything that was raised by way of amendments to the steering committee's report was raised in the steering committee. The chairman will bear me out on that. I raised each of those points before the steering committee very explicitly.

Mr. McILRAITH: Everything that was in the report of the steering committee was something that the official opposition members asked for. I think that is correct?

The CHAIRMAN: That is correct.

Mr. McILRAITH: When we come to Defence Construction Limited, we have the witness before us from the Defence Department and we have the head of Defence Construction Limited, who was thought to be properly qualified through his association with Canadian Construction Association over the years. He was thought well enough of in the construction industry that he was made manager for a number of years of the Canadian Construction Association. Now we go along with the calling of these witnesses. So far as I am aware, subject to one or two answers that are not yet ready, all questions asked have been answered by these witnesses, every one of them. There has been no refusal to answer anything as far as I know on this subject of Penhold. I think everything that has been asked has been answered.

Incidentally, there is an interesting interjection when Mr. Fulton said all the answers had not yet been given. Well, if that was so it merely indicated this motion again was premature, but I am not arguing that.

The function of this committee is to continue the examination of Mr. Johnson and Mr. Davis and if they want other witnesses brought here, to bring them here. For instance, Mr. Johnson was questioned about steel, but there was no request that the steel officials be brought here to give us the detail of reinforcing rods or what was available in a particular month. Not at all. In other words, all the information has been given to the opposition that they asked for. Now it is quite true they may not have liked the information given to them, but whether they like it or do not like it, how does that justify a parliamentary committee throwing up its function and bringing in a chartered accountant from Montreal to do this work for it? To me the whole motion stems from a wrong view of the functioning of a parliamentary committee, and I submit, Mr. Chairman, that it is that wrong view that is the cause of the motion coming forward, and for that reason alone the motion should be rejected. There is the point that I wish you would consider on this question of whether or not the motion is in order.

Mr. HERRIDGE: Mr. Chairman, I am going to be very brief. I can understand and appreciate the keenness of the Conservative members who pressed for investigation in the public interest, and I can understand the keenness of the Liberal members in giving their point of view, but I suppose as a C.C.F. member it is generally recognized we look at things from a strictly objective point of view, and I must say after listening to both sides of the argument, and I am one on this committee to probe every aspect of it, I am inclined to agree with Mr. McIlraith that this is not quite the right procedure. I am of the opinion we should continue our investigation and make our report at the conclusion of our sittings. I must say this, that I have been impressed with the willingness of the witnesses to answer every question to the best of their ability. I might say that even were Mr. Currie appointed at this time, that Mr. Currie, who is an accountant, would go into accounts and figures and we would still have the problem of opinions arising, questions of judgment and things of that sort. Mr. Chairman, I am very much of the opinion that this resolution, while I am in sympathy with it in many respects, is somewhat premature and we should carry on with our work, hear the witnesses and make our report at the conclusion of the sittings.

The CHAIRMAN: All those in favour of the motion?

Mr. FLEMING: May we have a recorded vote?

The CHAIRMAN: Yes. Mr. Clerk, call the roll.

The CLERK (*later*): Yeas, 5—Nays, 9.

The CHAIRMAN: I declare the motion lost.

Gentlemen, I am assuming that at the next meeting we will be able to deal with Mr. Fulton's questions. We will start with that. Further evidence with respect to Penhold will be put aside until we have dealt with the questions that Mr. Fulton asked.

Mr. BENEDICKSON: Mr. Chairman, did we ever have an actual motion as to whether this committee would go to Penhold and see the structures for themselves?

Mr. FULTON: Can we have copies of the answers before the next meeting?

The CHAIRMAN: I do not like to do that, Mr. Fulton, for reasons that are known.

Mr. FLEMING: Could you put it on the record now?

Mr. DICKEY: If we do, it will appear in the press tomorrow morning.

Mr. FLEMING: Could it be put in as an appendix to today's proceedings so that at the next meeting we will come prepared for it?

The CHAIRMAN: If the understanding is that we will deal with Mr. Fulton's question first at the next meeting, I will see that the information will reach all the members of the committee on the morning of the next meeting, so that members will have an hour or so to consider the answers and prepare questions.

Mr. FULTON: If you put it as an appendix to today's proceedings, then the questioning can be opened on it first thing Thursday morning and the answers will appear.

The CHAIRMAN: It is not fair to the witness, Mr. Fulton. There will be a bald statement on the record without an opportunity to explain. What I am suggesting is that I will have it in your hands sometime early Thursday morning. You will have from one to one and a half hours to look it over, and you will come here and question the witness. Thus all the evidence will appear simultaneously in the record.

Mr. MACDONNELL: I am sure we won't have the record before Thursday.

The CHAIRMAN: Maybe not, but on Thursday morning you will have the answer to Mr. Fulton's questions so that Mr. Fulton will have an opportunity to start the questioning.

The meeting is adjourned.

APPENDIX No. 46

D.C.L. TENDER FORM FOR CONSTRUCTION OF BUILDINGS

at R.C.A.F. Station, Penhold, Alberta

To:

Defence Construction Limited,
400 Kensington Building,
Winnipeg, Manitoba.

Having carefully examined the site of the proposed buildings enumerated below at the R.C.A.F. Station, Penhold, Alberta, as well as all contract documents relating thereto, including the plans, specifications, general conditions, form of agreement and instructions to bidders we hereby tender and offer to enter into a contract within the prescribed time to construct the said under noted buildings in strict accordance with the said contract documents and such further detail plans as may be supplied from time to time, and to furnish to His Majesty the King in Right of Canada, all materials, plant, machinery, tools, labour, matters and things necessary for the construction or carrying out and the proper completion of the said work enumerated below for the following sums in lawful money of Canada, all such sums to include all license fees and taxes.

The above mentioned enumerated work shall consist of the construction as stated of:

Item No.

5	—One VHF/DF Building	\$
7	—One standard unit supply building, type A	\$
	or as alternative to Item No. 7	
	One standard unit supply building, type A	\$
	Amended to meet specifications outlined in	
	Addendum #1 dated 6 February, 1951	\$
10	—One standard ration depot (large)	\$
12	—One standard guard house	\$
13	—One standard fire hall	\$
16-22	—Two officers' quarters—60—Class II	\$
	(Standard Officer and NCO Quarters)	
19	—One standard combined mess (small)	\$
16-22	—One NCO quarters (60) class II	\$
	(Standard Officer and NCO Quarters)	
26	—Three or quarters (180) class II	\$
	(Standard Airmen's Barrack Block)	
Total tender (Items No. 5, 7, 10, 12, 13, 16-22, 19, 16-22,		
26)		\$
Total tender (Items No. 5, 7 alternative, 10, 12, 13, 16-22,		
19, 16-22, 26)		\$

I (we) further agree that if this tender is accepted I (we) will execute whatever additional or extra work may be required and ordered in writing by the Regional Engineer and that the prices applicable to additions to the work or deductions therefrom shall be as follows:

Item*	Description	Unit Measure	Unit Price
(a)	Clearing, grubbing and grading (VH/DF).....	per acre	\$
(b)	Extra for general excavation below the depths shown on the drawings.....	per cu. yd.	\$
(c)	Credit for reduction of amount of general excavation shown on the drawings.....	per cu. yd.	\$
(d)	Extra for trench (hand) excavation below the depths shown on the drawings.....	per cu. yd.	\$
(e)	Credit for reduction of the amount of trench excavation shown on drawings.....	per cu. yd.	\$
(f)	Extra for excavation of rock larger than 3'-0" in smallest dimension.	per cu. yd.	\$
(g)	Extra for concrete in place as specified (not including forms or reinforcing steel) in foundation walls and footings.....	per cu. yd.	\$
(i)	Extra for concrete in place as specified (not including forms or reinforcing steel) other than in foundation walls and footings.....	per cu. yd.	\$
(j)	Credit for concrete in place as specified (not including forms or reinforcing steel) other than in foundation walls and footings.....	per cu. yd.	\$
(k)	Extra for formwork in place beyond the amount of formwork shown on the drawings.....	per sq. ft.	\$
(m)	Credit for reduction of amount of formwork in place from the amount of formwork shown on the drawings.....	per sq. ft.	\$
(n)	Extra for reinforcing steel in place beyond the amount shown on the drawings.....	per lb.	\$

This tender is based on the following documents which shall be considered as part thereof, namely:

Item No.

5—VHF/DF Building

Specifications dated—Aug. 1950

Drawings:..... S-13-1000-1
S-13-1000-2

7—Standard Unit Supply Building Type A

Specifications Dated—1949

Drawings:..... Numbers..... S-12-76-1
Through to..... S-12-76-14 inclusive
(A total of 14 drawings)

and Drawing Numbers:..... S-12-76-15/37
S-12-76-16/37
S-12-76-17/23
S-12-76-17/23A
S-12-76-17/23B
S-12-76-18
S-34-1001-1

10—Standard Ration Depot (Large)

Specifications Dated—Dec. 1950

Drawings:..... Numbers..... S-17-1000-1
S-17-1000-2
S-17-1000-2A
S-17-1000-3
S-17-1000-21 inclusive

and number through to
(A total of 19 drawings)

and Drawing Number:..... S-34-1001-1

12—Standard Guard House	
Specifications Dated—Jan. 1951	
Drawings:.....	Numbers..... S-14-1001-1
	Through to..... S-14-1001-6 inclusive
(A total of 6 drawings)	
and Drawing Number.....	S-14-1001-6A
13—Standard Firehall	
Specifications Dated—July 28, 1950	
Drawings:.....	Numbers..... S-35-1000-
	Through to..... S-35-1000-18 inclusive
(A total of 18 drawings)	
and Drawing Numbers.....	S-35-1000-19/25
	S-35-1000-20 23
	S-35-1000-20A/23
	S-35-1000-21/22
16-22—Officers' Quarters—60-Class II	
(Standard Officer and NCO Quarters)	
Specifications Dated—Dec. 8, 1950	
Drawings:.....	Through to..... Sheet 1 of 14
	Sheet 14 of 14 inclusive
(A total of 14 drawings)	
19—Standard Combined Mess	
Drawings:.....	Numbers..... S-31-1001-1
	Through to..... S-31-1001-25 inclusive
(A total of 25 drawings)	
and Drawing Numbers:.....	S-31-1001-25A
	Numbers..... S-31-1001-26
	Through to..... S-31-1001-31 inclusive
(A total of 5 drawings)	
and Drawing Numbers:.....	S-31-1001-32/37
	S-31-1001-33/37
	S-31-1001-34/37
	S-31-1001-35/23
	S-31-1001-36/23
	S-31-1001-37/23
	S-31-1001-38/22
	S-31-1001-39/22
	S-31-1001-40/22
	S-31-1001-41/22
	S-31-1001-42/23
16-22—NCO Quarters (60) Class II	
(Same as Officers' Quarters)	
26—OR Quarters (180) Class II	
(Standard Airmen's Barrack Block)	
Specifications Dated—Not Marked	
Drawings:.....	Numbers..... S-30-1006-1
	Through to..... S-30-1006-10 inclusive
(A total of 10 drawings)	
and Drawing Numbers:.....	S-30-1006-11/23
	S-30-1006-12/23
	S-30-1006-13/37
	S-30-1006-14/37
	S-30-1006-15/26
	S-30-1006-16/22
	S-0-1001-1
	S-0-1004-1
General Development (Site) Drawing Number.....	P9-1-1000-1

It is hereby distinctly understood that where there is any discrepancy or difference between the above drawing numbers and those listed, if any, in the specifications, the above drawing numbers will apply; it being noted that where such discrepancies or differences occur in drawing number, those listed in the specifications are the reference numbers used by the architect who made up the drawings and does not indicate that there has been any substitution for the drawings as called for in the specifications.

B. Master Specifications dated February 1951 and addenda to Master Specifications dated March 16, 1951.

C. General Conditions D.C.L.32.

D. Schedule of labour conditions dated

It Is Herewith Agreed That:

Any contract resulting from the acceptance of this tender shall be subject to all terms and conditions of the General Conditions (listed as Item C above) except as follows:

a) A 10 per cent holdback will be withheld from progress payments until such time as the sum of the Security Deposit and the Holdback equals 15 per cent of the contract value. Thereafter the holdback will be retained at this amount until released after completion of the work in accordance with the provisions of the General Conditions.

b) Defects in the work will be rectified during the period of one year instead of as stated in Clause 23 of the General Conditions.

It Is Understood and Agreed That:

1. In the event of this tender being accepted within sixty days of the time stated for the closing of receipt of tenders, and our failing or declining to enter into a contract in the form hereinafter mentioned for the amount of our tender, our Security Deposit shall be forfeited to His Majesty the King in Right of Canada in lieu of any damages to which he may be entitled by reason of our failure or refusal to enter into such contract;

2. In the event of our tender not being accepted within sixty days of the time stated for the closing of receipt of tenders, our Security Deposit will be returned to us forthwith, unless satisfactory arrangement is made with us covering its retention for a further stated period;

3. In the event of our tender being accepted, we will accept assignment to us by Defence Construction Limited of the contract for the supply and erection of structural steel as described in Addendum No. 2, and that all our costs in administering said structural steel contract have been included in our tender sums listed above and which cost is\$

4. In submitting this tender we recognize that the lowest or any tender will not necessarily be accepted on behalf of His Majesty.

WE SUBMIT HERewith a list of sub-contractors we propose to use on this contract which are subject to the approval of Defence Construction Limited, we reserve the right, however, to substitute other sub-contractors for any trades in the event of any sub-contractor withdrawing his tender or becoming bankrupt after the date hereof. Any such substitution shall also be subject to the approval of Defence Construction Limited and contingent upon evidence of withdrawal or bankruptcy satisfactory to the said Corporation.

NAME & ADDRESS OF SUB-CONTRACTOR .SUB-CONTRACT WORK

If we are notified of the acceptance of this tender within the time specified, we agree to:

- a) Carry out the contract subject to General Conditions form D.C.L. 32 a copy of which General Conditions we hereby acknowledge to have received;
- b) Execute the form of Contract furnished by Defence Construction Limited form D.C.L. 24 when such is furnished to us by the said Corporation.
- c) Deposit with Defence Construction Limited, as security for the due fulfillment of the contract, to be held by the said corporation subject to the conditions thereto relating contained in the said General Conditions:
 - (1) A certified cheque on a chartered bank in Canada made payable to the order of Defence Construction Limited for an amount equal to the sum of ten per cent (10%) of the first five

hundred thousand dollars (\$500,000.00) of our tender price and five per cent (5%) of any balance of our tender price in excess of five hundred thousand dollars (\$500,000.00).

or

- (2) Bearer Bonds of the Dominion of Canada of the face value of an amount equal to the sum of ten per cent (10%) of the first five hundred thousand dollars (\$500,000.00) of our tender price and five per cent (5%) of any balance of our tender price in excess of five hundred thousand dollars (\$500,000.00).
- d) Furnish a general analysis of the contract sum on the attached forms provided, using one form for each building included in this tender, the total sum of the amounts shown in the analysis for each building, aggregating the amount of our tender price for each such building.
- e) Complete the work included in the contract in:

.....days
weeks
months

after notification of award of contract.

In accordance with Section 1(b) General Conditions Supplementary Clause 7 dealing with Contractor's storage and accommodation we record hereunder the amounts to be expended for the following facilities:

1. Contractors Storage....	sq. ft. @	per sq. ft....
2. Accommodation	sq. ft. @	per sq. ft....
3. Shops.....	sq. ft. @	per sq. ft....
4. Messing.....	sq. ft. @	per sq. ft....

It is to be noted that these quotations have not been included in our total tender price and should these buildings be required the amount shown for each building will be deemed extra to our contract price.

It is also agreed that if Defence Construction Limited can make available suitable space for the duration of the job, the successful bidder will be advised of this and will be required to submit a price for the necessary alteration of this space, including restoration of the space to its former condition. If it is decided that the Contractor may utilize this space, written permission will be given by the Chief Engineer of Defence Construction Limited and an adjustment in the above amounts shall be made at the time of the arrangement of the contract.

The contractor is not to occupy or alter any of the space in question without the written permission of the Chief Engineer of Defence Construction Limited.

We have carefully examined the site of this project at Penhold, Alberta. We have also made a careful examination of all the documents as listed in this tender form and fully understand the contents, interpretations and provisos of each of the said documents.

Submitted herewith is a certified cheque payable to Defence Construction Limited in the amount of (or negotiable Dominion of Canada Bonds having a face value of) \$ representing that proportion of our total tender price as hereinbefore stipulated which shall be retained by you in accordance with the terms of the General Conditions as security for the fulfilment of the contract resulting from the acceptance of this tender.

Date

(Name of Contractor)
 (Address of Contractor)

Instructions to Bidders:

1. All tenders must be submitted in duplicate on the Form of Tender supplied with both copies of the Tender Form signed not later than 12:00 o'clock noon, C.S.T. April 10, 1951, and they must be sealed and forwarded in the Tender envelope supplied.

2. All spaces in the Tender Form shall be completed.

3. Bidders are required to bid on the entire work.

4. Each bidder must satisfy himself by his own study of the plans, specifications and other contract documents by calculations and by personal inspection of the site respecting the conditions existing or likely to exist in connection with the execution of the work. He is not to claim at any time after submission of his tender that there was any misunderstanding with respect to the conditions imposed by the contract.

5. The tender shall be accompanied by a certified cheque payable to Defence Construction Limited for, or negotiable Dominion of Canada Bonds having a face value of, an amount equal to the sum of ten per cent (10%) of the first five hundred thousand (\$500,000.00) dollars of the tender price and five per cent (5%) of any balance of the tender price in excess of five hundred thousand (\$500,000.00) dollars.

6. A general Analysis for each building, as indicated in the General Analysis Form shall accompany each Tender Form.

7. Instructions for the procedure to be followed by successful tenderers should they require assistance for expediting materials required for the work involved, are herewith attached for their information and guidance.

8. Particular attention is called to Addendum No. 2 STRUCTURAL STEEL.

9. No alterations in the Tender Form will be considered.

10. No escalator clause will be considered.

11. The lowest or any tender not necessarily accepted.

ADDENDUM NO. 2
TO THE MASTER SPECIFICATIONS

SITE P-9

STRUCTURAL STEEL

The following items will not be included in the General Contract, but will be placed directly with the suppliers by Defence Construction Limited under a separate contract which may be assigned to the successful tenderer on the general contract.

Item No. 13

FIRE HALL

Supply and erection of Structural Steel and supply only of Anchor Bolts.

Item No. 19

STANDARD COMBINED MESS

Supply and erection of Structural Steel and supply only of Anchor Bolts.

Item No. 26

STANDARD AIRMENS BARRACK BLOCK

Supply and erection of Structural Steel and Steel Bar Joists and supply only of Anchor Bolts.

All other material items which may be called for in the structural steel specifications are part of the general tender and are not included in the structural steel tender.

PRAIRIE REGIONAL OFFICE

(Tabled April 7, 1953 by DCL).

APPENDIX No. 47

CONTRACTS AWARDED BY DEFENCE CONSTRUCTION (1951) LTD. IN LABRADOR AND NEWFOUNDLAND SINCE NOV. 22nd, 1950
(AS OF MARCH 1st, 1953)

Answer to Question by Mr. Stick.

Location	Contractor	Date of award	Description of work	Original estimated cost (including fee)
1. Goose Bay, Labrador.....	Terminal (construction (Cost plus fixed fee contract)).	April 5, 1951 April 5, 1951 Oct. 9, 1951 Feb. 19, 1952 July 3, 1952 Sept. 24, 1952 Oct. 15, 1952 Oct. 31, 1952	(VHF bldg., supply bldg.) Construction engineering building..... 50 married quarters..... Mechanical equipment and fuel tender garage, 4 room addition to existing school..... Ground services..... Central heating plant, underground steam dist. oil piping supply system..... Rehabilitation of water intake, steelox hotel building for D.O.T.. 2-bay extension to existing fire hall.....	\$ 730,000 1,050,000 1,239,360 320,000 1,639,500 412,000 95,000 5,485,860
2. Goose Bay, Labrador.....	Canadian Vickers, Ltd. (Neg'd firm price).	Jan. 15, 1952	Supply and installation of 3 steam generating units.....	Firm price 173,368
3. St. John's, Newfoundland....	Diamond Construction..... (Competitive tender closing Dec. 4, 1951, 1 bid \$543,450.)		Construction of deep water wharf and landward deck and storage area.....	543,450
Total contracts awarded by D.C.L. in Newfoundland and Labrador.....				6,202,678

(Tabled on April 7, 1953 by DCL).

APPENDIX No. 48

D.C.L. CONTRACTS AWARDED TO OTHER THAN THE LOW TENDERER

Answer to question by Mr. Fleming

Location	Description of Work	Date of Tenders Closing	Bids	Remarks
Saskatoon Sask.....	Construction of Standard Synthetic Training Building.	18th Jan. 1953.....	A 310,229 B 310,808—accepted C 324,789	Bidder "A" gave a completion date of 14 months against Bidder "B" 's 7 months. The unit prices submitted by "A" were in all cases, except one, higher than "B".
Bagotville, P.Q.....	Construction of Standard Protestant and Roman Catholic Chapels.	23rd Dec. 1952.....	A 124,736 B 127,900 C 138,170—accepted D 143,653 E 146,498 F 149,000 G 149,465	Bidder "A" was not recommended in view of a poor Credit Report. Bidder "B" had not based his bid on the specified lumber and required an additional \$1,300 for its use. Bidder "C" had fulfilled all the requirements of the tender call.
Bagotville, P.Q.....	Supply and Delivery of Four (4) Transformers.	15th Apr. 1952.....	A 93,047 B 94,012—accepted C 94,012	Bidder "A" based his tender on Austrian equipment which, because of possible difficulties in the supply of spares, was not acceptable to the RCAF, however, the Delivery date was given as 12 months. Bidder "B" gave a delivery date of 8-9 months. Bidder "C" stated 19 months delivery.
Uplands, Ont.....	Supply of Reinforcing Steel for Cantilever Hangar.	17th Apr. 1952.....	A 138,822 B 194,123—accepted C 197,607	In view of the specialized character and magnitude of the work and the lack of previous experience of Bidder "A", it was deemed advisable to award the contract to Bidder "B".
Quebec City, P.Q.....	Alterations to Former Bell Telephone Building.	6th Nov. 1951.....	A 40,000 B 50,150—accepted C 52,315 D 55,465 E 55,200 F 60,000 G 60,671 H 61,300 I 63,588 J 103,200	CMHC having had an unsatisfactory performance by Bidder "A", on a previous contract, in addition to which this bidder's unit prices were considerably higher than Bidder "B", it was decided to award the contract to Bidder "B".
Wainwright, Alta.....	Supply and Erection of 8 Prefabricated Buildings.	26th June 1951.....	A 986,022 B 1,068,067—accepted C 1,256,998	The contract was awarded to Bidder "B" because delivery dates were given as sixteen weeks against a stated delivery by Bidder "A" of 240 working days. (Approximately 43 weeks).

(Tabled on April 7, 1953 by DCL).

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1952/53

no. 21

Physical &
Applied Sci.
Serials

Special Committee on, 1952/53

(HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 21

[and
reports]

THURSDAY, APRIL 9, 1953

WITNESS:

Mr. R. G. Johnson, President and General Manager, Defence Construction
(1951) Limited.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953

MINUTES OF PROCEEDINGS

THURSDAY, April 9, 1953.

(23)

The Special Committee on Defence Expenditure met this day at 11.00 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Croll, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Macdonnell (*Greenwood*), McIlraith, Pearkes, Stick and Thomas.—(21).

In attendance: Messrs. R. G. Johnson, J. Kendall and C. Maxwell of Defence Construction (1951) Limited; Messrs. H. A. Davis and W. R. Wright of the Department of National Defence.

The Chairman tabled answers to questions by Messrs. Thomas, Adamson, Croll, Fleming, Stick, Fulton and Pearkes in connection with

1. Coal requirements at Penhold,
2. Certain installations at Chesnaye,
3. Former owners of expropriated lands, etc., at Cold Lake,
4. Details of site settlements, etc., with Messrs. Nelson, Poirier, Smith and Reid at Cold Lake,
5. Wartime strength at R.C.A.F. Station, Penhold,
6. Concrete slabs on Penhold site,
7. Additional expense respecting R.C.A.F. personnel moved to Penhold,
8. Runways at Penhold Station.

Copies of the above were distributed as were copies of a facsimile of an agreement between Her Majesty the Queen in the Right of Canada (D.C.L.) and Contractor.

The above enumerated replies were ordered printed as appendices (*See Nos. 49 to 57 inclusive to this day's evidence*).

The Chairman also tabled copies of replies to Mr. Fulton's question 1 (a) (b) printed on page 442 of the evidence, namely:

9. Cost plus fixed fee contracts awarded by D.C.L.,
10. D.C.L. extensions to cost plus fixed fee contracts,
11. Firm price negotiated contracts,
12. Cost plus fixed fee contracts (building and maintenance),
13. Firm price negotiated contracts (building and maintenance).

As promised by the Chairman, copies of the above five tables were placed in the hands of the members on Wednesday evening. They were ordered printed as appendices. (*See appendices Nos. 58 to 62 inclusive*).

Also tabled was an answer to Mr. Fleming relating to the sites at Namao, Rocky Point and Penhold. This answer will appear as *appendix No. 63*.

Mr. Johnson was recalled. He read into the record a supplementary answer to Mr. Herridge with respect to a pumphouse at Penhold.

The witness was further examined on Penhold and on stations at Goose Bay and Churchill.

In the course of the proceedings, Mr. Dickey raised a question of privilege based on security and the Committee's deliberations were momentarily off the record.

The Chairman undertook to place in the hands of the members on Monday next, a prepared memorandum by Mr. Johnson on Churchill establishment.

Mr. Fleming gave notice of his intention to question Mr. Johnson at the next meeting on an army building at Sault Ste. Marie.

The Committee adjourned at 12.55 o'clock p.m. and in view of the pending morning sittings of the House, decided to meet again at 11.30 o'clock a.m. beginning next Tuesday, April 14.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

APRIL 9, 1953.

11.00 a.m.

The CHAIRMAN: Gentlemen, I have some replies to questions this morning. Copies will be passed around to you as I table them.

These questions were asked by Messrs. Thomas, Adamson, myself, Fleming, Stick, Fulton and General Pearkes.

(For these questions and answers see Minutes of Proceedings and proceedings—appendices 49 to 57.)

Then Mr. Fleming asked that we table a form of construction contract.

Mr. FLEMING: Is it a very lengthy document?

The CHAIRMAN: It is a lengthy document. Would it satisfy the committee if you were given a copy of the document without having it put on the record. It would probably hold up the printing a little longer than usual.

Mr. FLEMING: Have you had a chance to look it over. I was wondering if there might be a clause there to help complete the record without copying it all out.

The CHAIRMAN: Suppose we pass these out. I will look up the clause and have it read into the record.

Mr. Herridge asked a question with respect to the pumphouse. Will you answer it please, Mr. Johnson.

Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited, called:

The WITNESS: The pumphouse at Penhold is set on concrete foundation walls 8" thick by 5'6" deep. There is a concrete floor slab 6" thick laid on compacted gravel fill, the size being 8' by 8'. The lumber used in this structure apart from the mill work is as follows:

350 lineal feet of 2 by 4

75 lineal feet of 2 by 6

12 lineal feet of 2 by 10

700 lineal feet of 1 by 6.

The external face of this building is clad with asbestos shingles. The two pumphouses for Wells Nos. 3 and 4 are identical, as described above.

The CHAIRMAN: In your boxes you found the following tables: First, cost plus fixed fee contracts awarded by Defence Construction (1951) Limited, since November 22, 1950; D.C.L. extension to cost plus fixed fee contracts which existed at November 22, 1950. Firm price negotiated contracts awarded by Defence Construction (1951) Limited since November 22, 1950. Cost plus fixed fee contracts awarded by Defence Construction (1951) Limited building and maintenance section. Firm price negotiated contracts awarded by Defence Construction (1951) Limited building maintenance section (April 1, 1950 to March 1, 1953).

(For tables see appendices Nos. 58 to 62 to the Evidence.)

Those five returns are a complete answer to the first portion of Mr. Fulton's question which was augmented by the D.C.L. extensions to cost plus fixed fee contracts which existed to November 22, 1950. That makes the first part of the answer complete, and the intention this morning is that we should immediately proceed with that matter. Mr. Fulton has the floor.

Mr. PEARKES: Some meetings ago I asked for a comparative statement regarding the cost of the apartment type of building and the individual type of married quarters. Has that been overlooked.

The CHAIRMAN: C.M.H.C. would have that. They are preparing an answer.

Mr. PEARKES: They are preparing an answer to that and they will be giving evidence sooner or later?

The CHAIRMAN: Quite right. One thing more. Mr. Davis has a short note for the committee.

Mr. DAVIS: Mr. Fleming, I believe, asked at an earlier meeting for the definition of a major project. That was contained in my original memorandum to the committee and it is found at page 315 of the Minutes of Proceedings and Evidence under the paragraph "Approvals".

Mr. FLEMING: Might I suggest these five documents this morning should be labelled in some way so we can refer to them.

The CHAIRMAN: I think you will have to refer to them by the headings for the time being.

Mr. FULTON: Could we not refer to them as Appendix A or whatever it is and then as there are five of them A-1, 2, 3, 4, and 5?

The CHAIRMAN: I will have them identified in a few minutes. In the meantime do the best you can.

Mr. FULTON: Mr. Johnson, I take it from what the chairman has told us these are intended to set out all the contracts awarded on a cost plus fixed fee basis since the 22nd of November 1950. Is that correct?

The WITNESS: That is correct, Mr. Fulton. And in addition to those which were actually original awards so that you would have as complete a picture as possible we added a separate table with respect to certain work at Churchill which was not the subject of an original award by Defence Construction. What happened was that when Defence Construction was formed in November 1950 we took over some contracts of the Canadian Commercial Corporation and because the contracts were extended rather substantially we thought we could give you the picture of the additions under Defence Construction.

Mr. FULTON: I have this to say. Not intending to be unduly critical, that the time factor has made it impossible to make as full an analysis of these documents as I would like to have made because of your refusing to give them to us at the last meeting, and we have to deal with them under the circumstances I now have them.

The CHAIRMAN: The witness is yours for as long as you want to have him. I did not have a complete answer until yesterday at about 4 o'clock when I received the last two portions of these tables.

Mr. FULTON: Now, taking the first three of the tables, the ones that were mentioned first—I am sorry, the first two dealing with cost plus fixed fee contracts and extensions to those contracts, I am puzzled because there appear to be a substantial number of omissions as compared with the information contained in Public Accounts for the fiscal year ending March 31, 1952, pages N23 and following and I would like to ask Mr. Johnson—

Mr. DICKEY: Mr. Chairman, I think I will have to raise a question of privilege here and ask that it be off the record.

(The meeting continued off the record.)

The CHAIRMAN: There was a specific request made for Churchill, Cold Lake, Namao, Rocky Point and Esquimalt. The witness has detailed information on them so if you are prepared to deal with the exhibits filed today now and Churchill could be dealt with at a later stage.

By Mr. Fulton:

Q. My questioning was going to be related to the whole of these exhibits that we have before us, and I am asking for an explanation of the apparent discrepancies at the initial stage of that questioning and also an explanation of the omissions from the returns—A. I would be glad to answer questions in that regard, but if it developed into a discussion on Churchill I have prepared a statement with tables and full information dealing with all aspects of the work there.

Q. Can we confine it for a moment to the discrepancies and omissions before questioning in detail?—A. The discrepancies as between my return and the public accounts on Churchill are due to the fact that the public accounts are made up to show the charges as against the different services, Army, Navy, Air Force, Defence Research and the Department of Transport, or whatever government agency was responsible for raising the funds for that work. My return is based on the contracts which were entered into with the Foundation Company and I confess it would be rather a difficult thing to give a complete reconciliation of my statement and the public accounts, but when I do present my full statement on Churchill, which is extremely complete with very full details on all the work and on all the contracts, I think you will have possibly all the information you require, and whatever questions you would like to ask with regard to that I would be glad to endeavour to answer. It would be extremely difficult to reconcile my figures with those in the public accounts.

Q. Surely your figures in regard to the Foundation Company deal with all the contracts on a cost plus fixed fee basis which have been awarded to the Foundation Company for construction of buildings?—A. That is correct.

Q. Have you awarded all the contracts for the work the Foundation Company is doing in Churchill?—A. Since November 1950.

Q. The ones in the public accounts only refer to these in 1952?—A. That is one of the reasons why this may be rather different. My statement is a statement that covers all the work for which we have been responsible.

Q. And I take it the return I am referring to also covers all the work for which you have been responsible.—A. That is right.

Q. My point is that the figures in your return are very much less than the figures given in the public accounts, although the public accounts actually deal with one fiscal year you show on a cost plus fixed fee basis contracts totalling \$645,000. I did look earlier in the public accounts, and I have not the totals, but my impression is that the amount was something like \$12 million or \$13 million for work done by the Foundation Company at Churchill that you show in that one year, so that, for the total contract, you show the fixed fee portion of \$18,700 of all the work undertaken by the Foundation Company at Churchill. The public accounts at pages N-29 and 30 show a fixed fee of \$516,000 for all the work they are doing at Churchill. That is \$18,700 compared with \$516,000 in the public accounts. It is that feature which makes me think that these returns must be far from complete.—A. Contracts with the Foundation Company go back to 1948-49 and they would show larger amounts in the public accounts. In order to give the picture, so far as defence construction is concerned, I had a separate table prepared showing extensions to existing contracts with the Foundation Company and certain other companies working at Churchill. You will notice on page 2 of table 59 item 4, there is an item for \$5,568,769 with the Foundation Company and that, plus the other

items with the Foundation Company on table 58, are those parts of the work carried out at Churchill for which Defence Construction Ltd. has been responsible. I have not intended to go back to the Canadian Commercial Corporation in 1948-49 with which Defence Construction Ltd. had no connection.

Q. You took over all that was not completed?—A. That is correct, and that is why we added these extensions to these contracts which were let by Canadian Commercial Corporation.

Q. How can we get the total element either in the total of what these companies are going to be paid or the total fixed fee to be paid to them.—A. As I said, I have a very lengthy statement on Churchill, and I would hope it would satisfy you when you see it. I would be glad to answer questions at that time, but that information is not before the committee now, though there is a lengthy statement on it.

Q. Mr. Chairman, I am going to suggest that the Auditor General might be called so that we can reconcile these two factors because I am not, I am bound to say, hardly in a position to ask questions, because I am not able at the moment to make my way through the difficulties which are obviously created by the fact that Mr. Johnston's return is on a totally different basis from the figures in the public accounts and, having regard to what Mr. Johnson has said, I do not mind confessing that I do not think I can ask the questions that should be asked to get the explanations that are required.—A. I might say that the table that will go with my statement on Churchill shows the construction work completed at Churchill prior to November 22, 1950 when D.C.L. entered the picture amounted to \$9,639,000, and then it goes on to explain everything Defence Construction has been responsible for since that time. I am inclined to think you may find that you have pretty ample information for your questions.

Q. Can we leave that aspect of it for the moment in this way that at the moment your explanation for the discrepancies which may be found between the figures in the Public Accounts and the figures in your returns can be accounted for by the fact that the public accounts reflect expenditure made since 1948-49 whereas your return only contains those which have been made since Defence Construction Ltd. took over.—A. That is correct, subject to the fact that I have given figures on the total work completed prior to Defence Construction entered into the picture.

Mr. GEORGE: Let us deal with Churchill.

Mr. FULTON: I think I will have to wait until we get Mr. Johnson's statement before questioning him in detail on Churchill on the return as a whole—that is, questioning as to the figures in the returns, may I go back to the earlier part. Now we find that no security is involved, and I would like to point out that my questions, to which these are replies, were intended to include all cost plus fixed fee contracts relating to construction, and items which I have read out of the public accounts pages, which are related to the returns, appear to me now to have been omitted, because engineering services, as opposed to defence construction, were not included in the return.

The WITNESS: That is correct, sir.

Mr. FULTON: There are large sums involved, Mr. Chairman, and I had hoped they would be included, because I want to question the witness as to that method of awarding these contracts. I will of course go through Public Accounts, and pick out each one, and question on that, but I am wondering if we can get returns for the whole thing in one table before us.

The CHAIRMAN: I am having a talk with the witness to find if we can meet your wish. At the moment we are not quite clear what can be done, but suppose you proceed with questioning from 58 while we see what we can do about it.

By Mr. Dickey:

Q. Mr. Chairman, one clarifying question. Is my understanding correct, Mr. Johnson, that the reason you did not include the type of item to which Mr. Fulton is referring, is because it is not a cost plus fee contract at all, not just because it is engineering services?—A. That is correct, Mr. Dickey. Mr. Fulton's question was directed to a cost plus fee contract. As I mentioned, contracts with architectural and engineering firms are not on a cost plus basis. They are on a basis of a payment of a percentage fee, say, around 3 per cent of the cost of the work which is not a cost plus fee contract.

By Mr. Fulton:

Q. You mean you get them to design a building for which you estimate the cost will be \$500,000 and then the architectural services are paid on a percentage of that estimated cost.—A. On the actual cost.

Q. Are they paid an architectural fee after the building is completed, and the cost is ascertained?—A. Progress payments are made during the course of design, and when the building is actually completed, and the cost of the building known, a final calculation of the fee is made and they are paid on, say, 3 per cent of \$500,000 or whatever the actual cost of the work is.

Q. In the case of architectural services I can see there might be a distinction when architects are not carrying out the construction work, but I understand they wait for their final payment until the building is completed, and the actual cost is ascertained?—A. That is correct.

Q. What about the cost when they are paid a fixed fee on what are called engineering services, for such things as water works and so on, and they do not actually carry out the work.—A. They may supervise the work, but the work is carried out by construction contractors.

Q. And they also wait until the final cost of the contract is determined, and then they get their engineering fee?—A. Progress payments are made during the course of the work and when the final cost of the work is known, a final settlement is made.

Q. It seems to me a cost plus factor in addition to the cost of the work. The work costs so much, and in addition you pay a fee to the architect who designed it, and the engineers who supervised it.—A. We enter into a contract with an engineering or architectural firm and we agree to pay them a percentage fee. I cannot see that that can be described as a cost plus fee as between Defence Construction and the engineers who perform the work. He gets a fee which may be 3 per cent of \$500,000, and that would be in the final analysis a fee of \$15,000 which is not cost plus fee.

Mr. HERRIDGE: The engineering cost is fixed before? A fee is based on the determined cost.

The WITNESS: The cost is paid to the contractor, not to the engineer.

Mr. DICKEY: Perhaps this will clear it up, Mr. Johnson, if you were to negotiate a contract with an architectural firm to do the design of a certain building and were to agree to pay them a certain amount for the man hours of work involved and a certain amount for their head office expense and their various costs of doing the actual designing work and then agree to pay them a fee of say 3 per cent on top of that, would that not be a cost plus fixed fee designing contract?

The WITNESS: Yes, but it is not the kind of contract we enter into.

The CHAIRMAN: Describe the normal contract and tell us if you have deviated from what you call normal practices?

The WITNESS: The normal practice as I mentioned, sir, both with Defence Construction and private firms, is that the architect or the engineers are paid what is described as a fee calculated on the basis of a percentage of the cost of

construction. There are other ways of paying for architectural and engineering services. It might be a lump sum fee. If the consultant and ourselves were quite certain as to what the extent of the work was we might agree that a certain lump sum, say a fixed sum of \$10,000, might be paid for certain work because that would be a fair fee for that work; or if the nature of the work is such that it is very difficult to estimate how long it might take, how many office personnel the consultant might have to put on the work, we might pay on the basis of daily rates and I think that has been done. I think the fact is we have one consulting contract on what might be called a cost plus basis.

Mr. APPLEWHITE: What is the usual practice at present in private business?

The WITNESS: The usual practice is the one I described as percentage fee based on cost of the project.

Mr. FULTON: Yes, I understand the situation as regards engineering and architectural contracts as distinct from construction contracts. Are there any other contracts on which the fee is based on the number of the buildings built? For instance if you get an engineer or architect designing certain buildings—

Mr. DICKEY: Standard buildings.

By Mr. Fulton:

Q. Either standard or non-standard, and that building is duplicated next year, on what basis is the architect paid?—A. The situation is we pay possibly a slightly higher fee because taking into consideration that the buildings might be built at a number of places in the country certain alternatives might be provided in the specifications for materials that would be more readily available in certain areas of the country and design considerations of that nature would be the cause of additional cost to the consultant in the design of the work, and instead of paying a normal fee of 3 or 3½ per cent he might be paid 4 per cent because there will be extra work involved, but we do not pay 3 per cent for each building designed, just a relatively small extra amount.

Q. You pay that percentage fee on the basis of say the first of such buildings that was completed. Is that the last payment he would receive?—A. It has been done on the basis you suggest on that first building of that kind completed, and in one or two cases an average of the cost of construction in two or three locations has been taken in determining the final fee to be paid.

Q. None of those types of contracts are included in the return you tabled?—A. None of them on that basis. We thought we were dealing entirely with construction.

Q. Will you look at Public Accounts page N23, at the bottom of the page, Corner Brook and Grand Falls, J. Goodyear & Sons Limited, cost plus fixed fee of \$13,500, dismantling of hangar. Is that not a construction contract?—A. Yes, sir. The situation with respect to that contract is that it was let by Canadian Commercial Corporation and when Defence Construction was organized in November 1950 that work was virtually complete and it has not been shown for that reason.

Q. Well, I see payments for \$7,023.90 in the fiscal year 1951-52. Is that contract now complete?—A. The contract was described as nearly complete in October 1950 and I think the fact is, sir, that the payments for work done in 1950 were made in 1951, but the contract was never really under the administration of Defence Construction.

Q. That is why it is omitted from this return?—A. Yes, sir.

Q. Page 24, near the top, the third item, Halifax, A. F. Byers Construction Co. Ltd., cost plus fixed fee of \$1,600, repairs to trusses in drill halls, garrison barracks and Elkins barracks, shows a total amount of \$21,750.02. Is that not a construction contract?—A. Yes, sir, and it is listed on one of the

tables you have sir, Table 61. The first item A. H. Byers Construction Co. Ltd., various contracts, totalling 17 contracts in all, repairs to wood trusses of hangars and drill halls, total of one million, four hundred and seven thousand odd.

Q. This is a part of that?—A. The Byers Company carried out repairs to trusses of hangars and drill halls right across the country because they were specialists in that kind of work and we lumped them altogether in that one item.

Q. What would you say with regard to the next one: Construction Borings Limited, cost plus fixed fee at daily professional rates, soil tests at Wallace Hill?—A. That would fall into the category of an engineering and/or consulting contract. That was a job performed by this firm that specializes in soil tests.

Q. The next one I notice is—we are going on to page N28 some two-thirds of the way down the page—Ottawa, Alex. I. Garvock, cost plus fixed fee of \$1,900. I see that included in Appendix 61, but the amount of the contract appears to vary in the table you have given us from that in Public Accounts, but as I told you, Mr. Chairman, I have not had time to go over these in detail. I see the discrepancy is not as large as I first thought, but there is some discrepancy between \$53,187.75 and \$54,300.—A. I think the discrepancy is explained in the note on the page. \$53,187.75 was the final cost and authority was for a slightly higher figure.

The CHAIRMAN: There was a saving there.—A. Yes.

By Mr. Fulton:

Q. One other question as to the discrepancies. Here the reverse of the situation. If you look at Appendix 58 you find that No. 1 Goose Bay, on page 1 of that appendix there are three contracts entered into before March 31st, 1952. I could not find those anywhere in Public Accounts. I am asking you to explain the reverse of the other discrepancy?—A. All of the items on page 1 of Table 58 with reference to Terminal Construction, Goose Bay, are included in one contract, sir. The table is set out to illustrate the way the work was negotiated with the Terminal Construction, but all of the work is under one contract and we simply indicated the dates when the different items were added to the contract.

Q. So the final award would not be until about October 31st, 1952?—A. That is correct, sir.

Mr. APPLEWHITE: Was any money spent on that one up to the 31st of March?

The WITNESS: The work started in April 1951 and a very substantial amount of money has been spent in the interim. I could get the figures, but the expenditure was substantial.

By Mr. Fulton:

Q. Do you know if the expenditure was made before the 31st of March, 1952?—A. I can assume so, sir. I would have to check that. I do know that at the present time very substantial expenditures have been made under this contract.

Q. Then, dealing with the tables—and I understand you are going to consider with the chairman and possibly myself of getting details on the architectural and engineering services' costs—you have given your explanation to No. 1 as to why the cost plus fixed fee contract was adopted in this case at Goose Bay, "remoteness of site". Can you tell us whether any efforts were made to get tenders?—A. The Terminal Construction Company had been working at Goose Bay prior to the time when Defence Construction came into the picture and they had been engaged in the construction of wharf at that site.

Q. What kind of wharf, Mr. Johnson?—A. I am not familiar with the details of the wharf. This was something prior to my connection with it.

Q. Was it for National Defence?—A. Yes.

Mr. STICK: It is a long wharf that juts out into the sea quite a long way. Instead of shipping by air the wharf is necessary to get material in by sea which would be a lower cost than landing it at the airport. Getting supplies in by sea would be much cheaper than air and the wharf was a necessity.

Mr. FULTON: I am not questioning that, but was it done for National Defence?

Mr. STICK: Yes, it was.

The WITNESS: The contractor in question had completed this wharf just about the time that Defence Construction Limited was organized and when Defence Construction was asked to consider this further construction at Goose Bay. Consideration was given to the possibility of calling for tenders, but it was felt that the location of Goose Bay, the difficulties of transportation, the difficulties of obtaining labour, the relative short construction season and so many similar factors would have had to enter into any calculation by a contractor as to what the work might cost in that area that there would have been tremendous allowance for contingencies in any price they would have offered and it would be much more economic and less costly to the government to have the work carried out on the basis of a contract for payments of the actual cost of the work.

Mr. STICK: And it would have caused delay too.—A. Yes.

By Mr. Fulton:

Q. You did not make any effort to get tenders from general contracting firms?—A. There was no effort made to get tenders because it was quite clear that any such effort would have resulted in extremely high bids that we could not have possibly accepted under any circumstances. The considerations which I have mentioned at this site were such we knew that it was not necessary to experiment with the idea. There was just no question about it. There was the question of time as well. Had we entered into that sort of an operation we would have lost great deal of time and we knew beyond all question of doubt what the result would have been. All the work in that area is carried out in a similar fashion.

Q. You have told us of the factors that determine whether you would proceed on a cost plus fixed fee basis, but what I was asking is whether you made an effort to obtain tenders. After all, Goose Bay, while it is a distant point, it is a very important point, and not the sort of point at which you would expect a contractor to have nothing but a casual interest. I mean, there is going to be work there for a long time, and people will be there for a long time.—A. That is correct.

Q. Therefore it is not the sort of place in which you would expect a contractor to have only a casual interest, and what I want to know is whether tenders were called for that work there.—A. The work we were carrying on at Goose Bay was quite substantial, and it would be impossible for a contractor to give anything like a reasonable price.

Q. Why was it impossible for a contractor to give a reasonable price? Did you ask for tenders?—A. We did not ask Terminal Construction to tender. We asked them to carry out the work, and the basis on which they would be paid we knew would be much less than if we had asked for tenders. For the supply of materials for sub-contract work every effort is made to obtain a firm prices and tenders are required, but with respect to the overall operation, supply of labour and the transportation, it is quite impossible to calculate these figures in advance for work of this magnitude at such a location.

Q. So you had no way of knowing whether some other contractor would not have been able to do the work at less cost?—A. We were quite satisfied, sir, that nobody would have given us firm prices of anything within reason. It would not have been even considered practical.

Q. Did you ask any other contractor if he might be interested in doing this work whether on a cost plus basis, or on a tender basis?—A. As I have indicated, the work was such that it was quite difficult—

Q. The answer is you did not ask any other contractor whether they were interested in doing this work.—A. I thought I had answered that previously. We did not ask anybody else. We decided because of the location of the work that the work had to be carried on on a cost basis.

Q. My question was, you did not ask anyone else if they were interested in doing it on a cost basis or any other basis and your answer is no.—A. Yes.

Q. And you have no way of knowing if you could actually get the work done for less cost.—A. We know we paid for the actual cost of the work, no more and no less.

Q. You did not know whether any other contractor would be able to do it for less.—A. Another contractor would have to provide plant and equipment and organization at the site, whereas Terminal Construction were already located there.

Q. But let me point out that Terminal Construction was building a wharf there. What we are dealing with now is a contract for the construction of an engineering building, 50 married quarters, fuel tender garage, four room addition to existing school, ground services, central heating plant, rehabilitation of water intake, and a 2-bay extension to an existing fire hall and so on, none of which has a very close relationship to the building of a wharf. So, while it is true they would have headquarters units there and some sort of administration unit, while building the wharf, you cannot surely maintain they are doing the same type of work as in this contract as they would be in building a wharf.—A. Terminal Construction is a substantial contractor and they, by virtue of having established experience on the site over some considerable time, had become much more familiar with the difficulties and problems of working at Goose Bay than would have any other contractor we might have selected, because it would be new experience for another contractor.

Q. I appreciate that is your opinion and you feel it is soundly based that you got the work done for less cost by Terminal Construction than you could have done by anybody else, but what I am asking you is that you have actually no way of knowing that for a fact.

Mr. McILRAITH: Oh yes, by experience.

Mr. FULTON: What experience?

The CHAIRMAN: It is not Mr. McIlraith's experience, it is Mr. Johnson's.

Mr. McILRAITH: I do not think that remark is warranted. We have had this one member of the committee examining for an hour and a quarter, and most of the time he has not asked questions, but made speeches, and in any event, it is obvious that Mr. Johnson knows construction practice.

Mr. FULTON: Mr. McIlraith cannot get away with inaccurate statements. I do not mind his interjections, but I want answers from the witness.

The CHAIRMAN: The witness is answering the question for you. Your last question was—

Mr. FULTON: My question was—I said I appreciated that in his opinion, with the best judgment he was able to bring to bear on the matter, Mr. Johnson was satisfied that he got the work done for the least possible cost, but I asked him—you have no way of knowing for a fact that this is the case.

The WITNESS: The nature of a cost plus construction contract is such that the only way anyone could ever know would be to build two identical projects

on a cost plus basis, and that is an entirely academic proposition. There is no answer to that one, sir. We are in a position that we have to select a competent contractor. We will watch the operation, require the contractor to call for tenders for his sub-contracts and material, and carry the work out as economically as possible, knowing we have selected a contractor who has the capacity, organization and equipment to do that kind of job.

By Mr. Macdonnell:

Q. However much you might believe that you have the best price, you have no means of proving it.—A. The only way to do that would be to build another job exactly the same.

By Mr. Fulton:

Q. There would be one other way of establishing whether you could get a contractor to do it for less than any other, and that is to call for tenders.—A. In this particular instance, as I said, the location of the work was such that calling for tenders would have been a pure waste of time.

Q. Have you ever tried to get tenders on the work at Goose Bay?—A. No sir.

Q. Do you know if Terminal Construction was asked to tender on the original work for building a wharf?—A. I understand they were asked to carry this work out on a cost type of contract. There are other organizations engaged in construction at Goose Bay, and all of their work is carried out on the same type of contract—on a cost basis.

The CHAIRMAN: How many contractors in Canada would have been able in your opinion to tender for this contract. and, in your opinion, build the work in accordance with the tender. How many can you think of?

The WITNESS: Nobody would have given us a reasonable price on a tender basis, and it was out of the question.

Mr. GEORGE: Were Terminal Construction already in Goose Bay?

The CHAIRMAN: Yes, he said that.

By Mr. George:

Q. Were they not already doing work in Goose Bay under American contracts of a defence construction nature?—A. They may have been. I am familiar with the fact that they were working for the Canadian government on other work at Goose Bay prior to Defence Construction's time, and had, as I say, become fairly familiar with the conditions at Goose Bay, transportation arrangements they had to make, where they had to get labour from, what short of labour rates they had to pay, and the most economic way of carrying out a large project in that area.

By Mr. Fulton:

Q. Mr. Johnson, were any other firms asked to indicate whether they were interested in doing this work or not?—A. No sir. This company was selected because of the fact that it was already operating in that area.

Q. Do you know for a fact whether any other company would have done it for cost plus and a smaller fee than Terminal Construction?—A. We have established a scale of fees for our cost plus fixed fee type of contract, a scale of fees which represents a very modest return to the contractor, and we have not been in the habit of asking contractors to bid on the fee. The fee is the smallest part of a cost plus construction contract. If you are going to spend one, two or more millions of dollars of government funds the fair thing to do is to arrange as modest a fee as you can. We have done that, and we have selected the contractor we thought most fitted to do the work. If we had adopted a policy of getting contractors to bid just with respect to the fee we

would have been having contractors bid on a very very narrow margin of the whole cost of the work, and we felt it wiser to select a contractor we felt was best fitted to do the work.

Q. That again would be a matter of opinion.—A. It would be a matter of opinion.

Q. And the fact is that although you have given reasons for your decision, you have not answered the question which was, do you know for a fact that no other contractor would have done this work for a smaller fee.—A. I do not know sir, because we did not ask. I have explained the basis on which we let the contract, and I do not think we can pursue that.

The CHAIRMAN: Let us deal with the fee for a moment. The question was, could any other contractor have done this for a smaller fee. What was the fee in this case.

The WITNESS: It was 5 per cent of the cost of the work for the first \$2 million of cost, 4 per cent for the work between \$2 and \$3 million, and 3 per cent for anything over \$3 million.

By the Chairman:

Q. In the course of your many years experience in the construction field, would you say that that was a normal fee to pay and a fair one?—A. I would say it was an extremely low fee. We considered ourselves very fortunate in having been able to negotiate such a fee in this class of work.

By Mr. Applewhaite:

Q. That was based on the actual cost or estimated cost set in advance.—A. The fee is based on the estimated cost of the work in the first instance, and as the work proceeds the fee is then related to the work, and we have to re-negotiate the fee.

By Mr. Fulton:

Q. Your fee would cover the increased cost not foreseen.—A. There is frequently some element of increased cost in this class of work.

Q. Your total fee for this contract on the basis of the estimate is \$208,336. That is the figure you show on page 1?—A. That is correct.

By Mr. Fleming:

Q. May I ask a question to clarify this matter of fee? My question is general. Does this scale on which you calculate fees apply in the case of all contractors on a flat method applicable to all fixed fee contracts?—A. It is the flat method which we have adopted in Defence Construction so that all of our contracts are on a standard basis. The firm contract is a standard contract, and the fee is a standard fee arrangement.

Q. Has that standard been in effect from the beginning of the operations of Defence Construction?—A. Yes, from the beginning of the operation of Defence Construction.

Q. Has there at any time been any departure from it in the case of cost plus fixed fee contracts?—A. We have departed from it in the case of the work at Churchill which you will see from my statement. In the case of Churchill we negotiated a fee down below 3 per cent, because of the magnitude of the work.

Q. One other question. Where there any other contractors engaged on the work at Goose Bay at the time of letting this contract, whether engaged on work for the United States government or some other department of the government.—A. There was work going on at that location before, carried out by the American government with American contractors. To the best of

my knowledge there may have been some relatively minor contracts, but I understand it was with American contractors.

Q. Was there work being carried out for any other department of the government or your own?—A. To the best of my knowledge the only work was by the American government. The contractor we selected was finishing a wharf. I could not speak with authority on all Canadian government agencies off-hand, but I am quite sure Terminal Construction were carrying out the only substantial work for the Canadian government at the time.

Q. Do you know whether Terminal Construction did the original work on the base there, building hangars and so on?—A. No, I do not know off hand.

Q. I wonder if you could find that out. What contractor did the original work.

By Mr. Macdonnell:

Q. I understood you to say that the practice of selecting a contractor without a tender as you did for the reasons you have given that that was not infrequently done. Did I understand you correct, that that often happens, that you did that in the case of a number of contracts.—A. I have given you a list of them. There are not many such contracts in the program.

Q. How would that be determined.

The CHAIRMAN: Mr. Macdonnell, they are all before you. Pick out any one and ask him why.

Mr. APPLEWHAITE: Do not get away from Goose Bay.

The CHAIRMAN: Mr. Applewhaite has been trying to get to Goose Bay for some time.

Mr. APPLEWHAITE: I do not want to butt into Mr. Macdonnell, but you asked him to pick one out and I want to get the Goose Bay picture, if I can. In the event that any of these contracts listed on the first page of appendix 50 had been put up for tender or negotiated in any way with any other firm, that other firm would have had to move equipment and personnel into Goose Bay in order to carry out their work?

The WITNESS: That is what I endeavoured to answer before. That was one of the main reasons for the selection of the Terminal Construction, because they had an organization and certain equipment at the site, and there would have been extra cost involved in bringing somebody else into that area.

Mr. FULTON: Do you suggest that Terminal Construction did this same work with equipment which they already had there during the war?

The WITNESS: They had an advantage.

Mr. APPLEWHAITE: I am not finished with my questioning, Mr. Chairman.

The CHAIRMAN: Yes. Go ahead.

By Mr. Applewhaite:

Q. I wanted to ask if in the event that a concern other than Terminal Construction had been employed to do this work, would not their cost of transporting personnel and equipment have been included in the cost on which you would have based your figures, or alternatively, would it not have been included in the tender?—A. They would have to be included, sir.

Q. If those 7 different items had been let by tenders or otherwise to 7 different concerns, you would have had 7 different items of cost of that nature to meet, then?—A. That is correct, sir.

Q. Approximately what distance would they have had to transport personnel and equipment? What is the closest place in which you could find sizeable contractors?—A. The location where contractors were capable of

carrying out this class of work—normally they would have their headquarters in Montreal. That would be the area from which the contractors would normally be selected for operations of this kind.

Q. But they would not necessarily have all their personnel at headquarters?—A. Not necessarily. In fact the contractors in this case took a considerable part of their personnel from the Maritime Provinces.

Mr. STRICK: You are not including Newfoundland in the Maritime Provinces. Let us get that straight.

By Mr. Applewhaite:

Q. Can you estimate at all the delay which would result from Terminal moving out and somebody else moving in?—A. It would have resulted in a year's delay in what is a short construction season.

Q. Was there any urgency in connection with these matters at that time?—A. There was definitely. This was part of the program required for the Air Force arising out of the building up of the defences after June 1950, and the work was urgently required.

Q. In contracts of this nature, what is the normal time to allow between actually calling for tenders and letting the contracts?—A. As I have explained, there was no question of calling for tenders for the general contract. When we carry on work on a cost plus basis, we expedite. One of the advantages of this type of contract is that we select a contractor and he can start work within a few minutes after having been told that he is to do the work.

Q. If you had decided to call for tenders, how long would you have allowed?—A. The normal time for tender calling runs from 3 to 4 weeks. But by the time the tenders have been reviewed and submissions have been made to Treasury Board, and all necessary approvals have been given to the selection of the contract tender basis, it would run from 6 to 9 weeks.

Q. What is the length of the building season at Goose Bay, the season in which you could construct?—A. A really good construction season there lasts for only 4 or 5 months, sir.

Q. I think you told Mr. Fulton that in your opinion you had saved money for the country by adopting the practice which you did adopt. That opinion is based on what? How long have you been in the construction industry?—A. I have been with the construction industry for 13 years, sir.

Q. Would you seriously make that statement on the strength of your reputation and for the length of time you have been connected with construction?—A. I have had a pretty considerable intimacy with the construction industry all through that period. There is no question about it in my mind. That is why I spoke so forcibly about it. And that is why tenders were not called for. There is no question about it.

By Mr. Fulton:

Q. I take it that Terminal Construction had to move a considerable amount of equipment in there to do this work over and above the equipment which they already had there. What is the position?—A. They did move additional equipment in.

Q. Did they have to move a substantial amount or merely a negligible amount?—A. A reasonably substantial amount, sir. I could not answer exactly how much they moved in off hand, but I do know that the consideration which I mentioned earlier was the fact that they were established with personnel and equipment at the site. There is no question about that.

Q. And to that extent they met the same problem as any other contractor would have to meet?—A. Yes.

Q. And the cost of moving whatever equipment they had to move was reflected in the total contract price?—A. Yes.

Q. Also the cost of moving whatever personnel they had to move?—
A. Yes. Those items form part of the cost of the contract.

Q. You said in reply to Mr. Applewhaite's question, which I questioned, I think it is fair to say, that the reason that necessitated your moving quickly was the shortness of the building season. You gave that as one of the reasons for adopting this method of letting the contract?—A. Yes, sir.

The CHAIRMAN: It was an additional reason.

The WITNESS: It was an important factor.

Mr. FULTON: I think you said that a really good building season is only 4 or 5 months.

The WITNESS: It is limited by the shipping season.

Mr. FULTON: Would that be from May to September?

Mr. STICK: With respect to the shipping season, you cannot guarantee more than 4 months of the year. Probably 3½ months would be safer.

By Mr. Fulton:

Q. According to your table you let contracts on October 9, 1951, February 19, 1952, December 24, 1952, October 15, 1952, and October 31, 1952, five out of seven component contracts as a whole. Would it be correct to say that on the dates these contracts were let you would not anticipate construction being able to start until the following June?—A. There was a very considerable advantage, sir, in letting the work to the contractor at that time. It was that he could order his materials and be organizing for the work, making his arrangements for the shipping and being organized to take full advantage of the short construction season.

Q. Yes, quite, but I think you gave us in the case of tendering, an anticipated delay of some four to seven weeks.—A. Six to nine weeks.

Q. So that the contracts let in October, November and February, the additional delay involved in the tender system, which would not be the total of that six to nine weeks but would be, let us say, four to seven weeks, would not have completely approached the start of construction because you were letting contracts well in advance of the opening of the construction season, were you not?—A. The situation—

Mr. HUNTER: Mr. Chairman, I object to this type of questioning. Mr. Fulton is asking the same question a hundred times—why could it not be let by tender? Because they could not get anything but very extravagant tenders for that type of work. Now he is trying to impute to the witness that it would have taken six to nine weeks. The question was asked by Mr. Applewhaite, but the questioning is irrelevant. We had it a dozen times.

Mr. FULTON: The question does arise out of the questions asked by Mr. Applewhaite that the time factor was one factor, but apparently Mr. Hunter was not listening,—

Mr. HUNTER: One could not help but hear it.

Mr. FULTON: —that the time factor was one factor entering into the decision. I was mostly seeking to get the actual factors, but if Mr. Hunter is not interested—

The CHAIRMAN: Now gentlemen—

The WITNESS: The work started, as the table indicates, in April of 1951. That was the time when the delay involved in calling tenders would have been very important, but the prime consideration was difficulty in getting anything like a reasonable price for work in that area.

By Mr. Fulton:

Q. One contract was let in April, the next contract was not let until October of that same year, and one contract was for three buildings, a VHF building, a supply building, and construction engineering building.—A. There was over \$700,000 worth of work there.

Q. \$700,000 out of a total of \$5,485,000.

By Mr. Stick:

Q. The shipping season down there is, roughly, 3½ months. If you call for tenders in the fall of the year, say October, the contractor would have to visit the site, and naturally he would not be able to assess the type of soil because at that time of the year there would be snow down there, and if you did call for tenders, say, from October till May, no contractor would be able to give you a firm tender because he would not have a soil survey and he would not know the type of soil, he would not have any means of knowing. The shortness of the season, and the urgency of the work calls for having tenders in a very short time. A contractor tendering would only have three or four months in the year to go down to look over the site and make a proper tender. Now I understand the reason that you gave it to this firm is that they were already on the job doing work and they knew the type of work they had to do, they knew the type of soil, and by doing that you saved time and you also saved expense, because they had equipment on the job at the time, they knew where to get their labour forces, and all those things. I understand it that way, that you took into consideration all these things before you gave him this contract, before calling for tenders. Is that correct?—A. All those factors were taken into consideration. The contractor had his camp at the site. If we had had to take into account other considerations, for instance, if another contractor had been selected to go in there it would have meant a duplication of camp facilities, personnel, camp equipment, and that sort of thing. If you consider, as I say, the possibility of somebody else going in there, there would have been a duplication of cost and staff which obviously would have cost us considerably more.

Q. Did you have any other place similar to Goose Bay in your experience on which you could base your opinion as to this contractor carrying on the work there? You have peculiar circumstances at Goose Bay, I know, but have you had any similar experiences in any other part of Canada to give you an idea that that would be the best method of carrying out this work?—A. The situation at Churchill was quite similar.

Q. Something similar.

The CHAIRMAN: Mr. Macdonnell, I think you wanted to ask a question.

Mr. MACDONNELL: No.

Mr. FULTON: There is one other general question just before I go on to another item. Mr. Johnson, does your return include contracts let by Central Mortgage and Housing Corporation as your agent, or is this only contracts let directly by you or which you have taken over?

The WITNESS: The Central Mortgage and Housing Corporation acts as our agent, but the responsibility for the letting of the contracts is Defence Construction's, and this includes all contracts under our administration, whether the work in the field is done by C.M.H.C. or otherwise.

The CHAIRMAN: Could we start to be a little more specific in our questions on this return.

By Mr. Fulton:

Q. I was going to come to No. 3 on page 2, Nicolet. I am going to ask Mr. Johnson if he could expand on the explanatory notes for adopting the cost plus fixed fee contract method, and also give any reasons why it was found necessary that the contract should eventually be nearly three times as much as the original contract of \$1 million.—A. The work at Nicolet is to provide facilities for Inspection Services of the Department of National Defence in the testing of guns which are being made at Sorel. The production of the guns had reached the stage in 1952 which very urgently required that these testing facilities be made available in the shortest possible time. The plans and specifications for these gun testing facilities had not been completed. In order to have the construction work carried out and avoid the delay that would have been involved in completing the plans and specifications and in a call for tenders, it was felt that a contract of this nature had to be let, and as I have indicated the primary reason was the urgency for the provision of the facilities.

Q. Does the current fee of \$128,231 bear the same relationship—I have not had time to do the arithmetic on it—to the final cost as the original fee of \$50,000 did to the original estimate?—A. The fee reduces to four per cent after \$2 million. It was five per cent up to \$2 million, and four per cent over that.

By Mr. Fleming:

Q. My question is rather general again. Where you start out with your fee you indicate this on the estimate.—A. Yes, sir.

Q. And if perhaps—a rare case—the cost did not amount to as much as the estimate, is there any corresponding reduction in the fee?—A. We have not had any experience, sir, where there was any large reduction in the actual cost as against the estimated cost. There have been some cases where the final costs were reasonably close to the estimate, but the fee is considered a fixed fee and we really have not had to consider a point that was so serious—we have not really had to consider your question because there has been no case where there has been a very large shortfall in the cost.

Q. You did say in no case has the fee been reduced to date.—A. Not to my knowledge offhand, sir.

The CHAIRMAN: Gentlemen, any further questions?

By Mr. Fulton:

Q. No. 4. One additional question. I do not find this one either in the public accounts though I note it was an award of December 5, 1951. Do you know if any payments have taken place prior to March 31, 1952?—A. It is conceivable, sir, that they had not been processed to the point where they could appear in the Public Accounts at that time, but I am quite sure expenditures had been incurred by the contractor but he might not have had them processed in time to get them in the Public Accounts.

Q. Would you expand on your note: "Alterations and adaptations were required and the removal of certain plant from Palace Hill. The nature of the work precluded accurate firm price bidding." This is page 2 of Appendix 58.

The CHAIRMAN: Item 4.

The WITNESS: This project, sir, was a very large rehabilitation of an existing building. The Morton Plant at Quebec City had existed for some time and when it was decided to make it available for Canadian Arsenal's operations it required very substantial alterations in the structure to fit it for the Arsenal's operation. I have some notes here of some of the work involved in that. There was a very substantial reconditioning of the building; the water supply and plumbing facilities were substantially added to for the purpose of this operation; drainage and sewage and acid disposal all had to be taken care of in this change.

By Mr. Fulton:

Q. Were the changes necessarily such that it was not possible to take a look at the building as it existed with the knowledge of the purpose for which it was then required and say, we need the following changes and list them A, B, C, D and E or however many there may have been? Was that not possible?—A. The size of the operation was a very large one and it would have been quite impossible to have gotten even a reasonable firm price. When you go into an existing structure pipes are exposed, flooring is exposed, walls examined, but frequently the conditions which are found are not visible superficially and are quite different than those that might be imaginable, and it is quite impossible for a contractor to say what he is going to encounter and the contingency allowances would have precluded anything like a firm price.

Q. Was there some urgency or was it the difficulty of making an estimate that determined your awarding it on this basis?—A. There was urgency as well as difficulty in the estimating.

Q. I am interested in this proposition and it has seemed to me, not as an expert, that when you have a proposition involving the alteration of a building it should be possible to present your contractor with a plan or whatever you may call it saying this is the way we want the building in its final form and then let him take a look at the building, make what investigation he requires by way of soundings and examining the wall structures and so on and he could estimate how much work he is going to have to do to produce the building in the form you want it. Is that not a feasible operation in construction?—A. The fact is it is quite impossible because it is not until you get behind the walls, under the floors, and through the building that you find out what is actually involved and in order to do that you have to proceed with the work. It is not feasible to describe that operation sufficiently that a tender could be obtained on it.

The CHAIRMAN: That was the evidence we received from Mr. Davis with respect to the Wallis House, remember.

Mr. FULTON: I had a very much smaller alteration to my house some two or three years ago and I got a firm contract.

The WITNESS: You appreciate this is a million dollar operation.

Mr. FULTON: I appreciate the difference and also that there was some urgency and you would not have time to allow the contractor to go and make the necessary preliminary investigation, but I was wondering if no urgency was involved would it not be possible to ask for a firm price.

Mr. HUNTER: I had a firm price of \$3,600 when I built my cottage and it cost me six thousand.

Mr. FLEMING: I think Mr. Hunter should see a solicitor about that.

Mr. HERRIDGE: Mr. Chairman, we have been most patient here for nearly two hours. There were repeated illustrations, Mr. Johnson, of a great difference between the estimated cost and the firm cost, in some cases nearly three times as much. We realize there is a degree of urgency which is not the same as would exist altogether in ordinary contracting, but it seems to me people entering on a contract know what is finally going to be erected and should come closer than is indicated in many of these figures; and would you say this margin of error between the estimated and final cost would be the normal margin of error in civilian construction nowadays?

The WITNESS: The difference between estimated cost and final cost would be largely due to the fact that the work was originally let on the basis of an estimate without detailed plans and specifications. As I have indicated at Nicolet it was not possible to have complete plans and specifications there and in the urgency to get on with the project it was let on the basis of one million dollars because it was known that at least one million dollars worth of work was

going to be involved to get the facilities that were necessary for the gun testing. There was a loading platform involved there that was very important and it was known the work closely related to that was going to cost one million dollars and the rest of the plans were being developed and a better estimate was made later of \$2,800,000.

Mr. MACDONNELL: Is it fair to ask why in May of 1952 this situation arose? If it had been eight months earlier I could have understood it better.

The WITNESS: I am not in a position to answer that.

Mr. APPLEWHAITE: In that particular case where the increase was from \$1,000,000 to \$2,800,000, does that difference of \$1,800,000 represent error on the part of your officials or a decision due to increased work more than was originally planned?

The WITNESS: It was a decision to do increased work. There was consciousness of the fact that there would be increased work, but there was no reasonable estimate available at the outset as to what the total cost would be and the contract was entered into for one million dollars for the first part of the work.

Mr. HERRIDGE: Mr. Applewhaite is very clever at cancelling one's personal points.

Mr. FULTON: Mr. Chairman, most of the entries on Exhibits 58 and 59 deal with Fort Churchill and as a result of Mr. Johnson's pending statement I have no further questions on these at the moment.

The CHAIRMAN: I have been thinking about that. I will have the Churchill statement in your hands sometime on Monday for the Tuesday meeting. Now, gentlemen, make sure that the statement on Fort Churchill which will be given to you before it is delivered here does not fall into the hands of your secretary. One more thing. I have a return here that we might as well put on the record today. It is a question by Mr. Fleming with respect to Namao, Rocky Point and Penhold. Who selected the site? What were the reasons for the selection? It will appear as Appendix 63.

Mr. MACDONNELL: Can you tell me, Mr. Chairman, whether a question has been asked for a list of cost plus contracts entered into on behalf of the Defence Department by other than Defence Construction. For instance, the building of aeroplanes is on a cost basis and that of course would not, I take it, be given to Defence Construction at all. I would like to ask for this list of cost plus contracts entered into on behalf of the Department of National Defence by any agency other than Defence Construction.

Mr. DICKEY: We are on construction, Mr. Chairman.

The CHAIRMAN: You remember, Mr. Macdonnell—

Mr. MACDONNELL: I was just asking whether that question has been asked.

The CHAIRMAN: It has not been asked. This is our agenda. Construction, aircraft production, armaments, tanks, ammunition, guns, small arms, naval vessels, and something else after that. Be a little more specific in your question. Are you talking about tanks or ammunition? It is not possible within the time at our disposal to deal with all these matters. What have you specifically in mind?

Mr. MACDONNELL: I did not think it was such an onerous thing. I will think it over and let you know.

The CHAIRMAN: Take a minute and think this out. We have yet on the agenda the matter of Namao, Churchill, Cold Lake and Esquimalt.

Mr. DICKEY: And Rocky Point and Gagetown.

The CHAIRMAN: Then there is CMHC. In the light of what is likely to happen in the House, how many of these matters can we possibly deal with with profit?

Mr. MACDONNELL: It is a question of priority, I think.

The CHAIRMAN: You think about it.

Mr. FLEMING: May I bring one matter up for the next meeting. In discussion this morning reference was made to one construction project mentioned on page N-29 of the Public Accounts. It is the construction of an armoury at Sault Ste. Marie and I wonder if Mr. Johnson would come prepared to answer some questions on that at the next meeting if he is not familiar with it at the moment.

The WITNESS: Yes, sir.

The CHAIRMAN: The meeting is adjourned.

Mr. FLEMING: What about the time of meeting from now on?

The CHAIRMAN: The next meeting will be at 11:30 on Tuesday.

The committee adjourned.

APPENDIX No. 49

Answer to Mr. Thomas.

COAL—RCAF STATION, PENHOLD

Except for requirements for period June 1, 1952 to May 31, 1953, the Department of Defence Production has not purchased coal for this station. The Department of National Defence advised it had undertaken purchase of coal as of June 1, 1952. On June 30, a contract was awarded to Sinclair Mines (Canada) Limited, Winnipeg, Manitoba for the supply of 4,000 tons of Sub-Bituminous Stoker Pea Coal 1" x $\frac{1}{2}$ ".

Name of Mine and Area: "Diplomat" Forestburg Collieries, Castor Area, Alberta.

Analysis on an "as received" basis: Moisture content, 21.8%; Ash, 6.1%; Volatile Matter, 31.3%; Fixed Carbon, 40.8%; Sulphur 0.4%; FPA 2070°F.; BTU, 9020.

Analysis on a "dry" basis: Ash, 8%; Volatile Matter, 39.8%; Fixed Carbon, 52.2%; Sulphur, 0.4%; FPA, 2070°F.; BTU, 13040.

The purchase F.O.B. delivered to stockpile at RCAF Station, Penhold was at a unit price of \$5.10 per ton.

Nineteen firms were invited to tender, namely:

Alberta Pacific Grain Company Limited, Calgary, Alberta
Atlas Lumber Company Limited, Calgary, Alberta
Beaver (Alberta) Lumber Limited, Edmonton, Alberta
Bettenson Cartage Company, Red Deer, Alberta
Hewson & Sons, Red Deer, Alberta
W. M. Mayberry, Red Deer, Alberta
Winnipeg Supply & Fuel Company, Winnipeg, Manitoba
Lothian Collieries Limited, Edmonton, Alberta
Drumheller Coal Operators Limited, Drumheller, Alberta
Wholesale Fuel Supply, Saskatoon, Saskatchewan
Red Deer Valley Coal Company, Drumheller, Alberta
Sinclair Mines (Canada) Limited, Winnipeg, Manitoba
F. P. Weaver Coal Company Limited, Edmonton, Alberta
Coleman Collieries, Coleman, Alberta
Great West Coal Company, Edmonton, Alberta
Finlay Coal Sales, Edmonton, Alberta
Osler-Hammond and Nanton Limited, Winnipeg, Manitoba
Alberta Coal Sales, Edmonton, Alberta

Of these nineteen firms invited to tender, eight submitted tenders, and Sinclair Mines (Canada) Limited, were awarded a contract in accordance with the specifications.

This contract was amended to provide for an additional amount of 30c. per ton for delivery of the coal into bins. Later this contract was again amended to provide for increase in price from \$5.10 per ton delivered to stockpile to \$5.30 per ton delivered to stockpile, effective January 1, 1953 due to increase in freight rates. Also prices were increased from \$5.40 per ton delivered into bins, to \$5.60 per ton delivered into bins, effective January 1, also, due to increase in freight rates.

The total contract therefore, for the supply and delivery of 4,000 tons of coal into bins was \$21,400.00.

(Tabled on April 9, 1953 by DCL)

APPENDIX No. 50

Question by Mr. Adamson. (Asked on March 24, 1953.)

What is the purpose of the installation at Chesnaye and what was the cost?

Answer.

The purpose of the installation at Chesnaye is to provide certain elements of standby transmitter facilities made necessary by difficulties of radio wave propagation in the auroral belt.

The cost was approximately \$212,000.

(Tabled on April 9, 1953 by DND)

APPENDIX No. 51

Question by Mr. Croll. (Asked on March 26, 1953.)

Statement listing former owners of lands expropriated for the Cold Lake Airport and the year they obtained title to the land.

Answer.

This statement gives only the year each former owner obtained title to the land expropriated and in many cases this may not be the actual date of possession or occupation. It is believed that in the majority of cases in this area lands were purchased under Agreements for Sale and therefore an owner could have been in occupation for a good many years and still have only received title just prior to the expropriation in March, 1952. For example, Louis Poirier purchased in 1945 but did not obtain title until 1949 and John K. Bergo took possession of his land in 1947 by an agreement with the Province of Alberta under the Provincial Public Lands Act, but as he had not occupied and worked the land for the five year period stipulated by this Act he did not have title at the time of expropriation.

Owner	Description	Year Title Obtained
C. O. Nelson	S $\frac{1}{2}$ of SE $\frac{1}{4}$ Sec. 12-63-3- W4M	1936
	Pt. S $\frac{1}{2}$ of SW $\frac{1}{4}$ Sec. 12-63- 3-W4M	1949
R. W. Nelson	S $\frac{1}{2}$ of S.W. $\frac{1}{4}$ of Sec. 7-63, 2-W4M	1945
A. Poirier	S $\frac{1}{2}$ of SE $\frac{1}{4}$ Sec. 7-63-2- W4M	1950
C. White	SW $\frac{1}{4}$ Sec. 5-63-2-W4M	1939
J. J. Cunningham	SE $\frac{1}{4}$ Sec. 5-63-2-W4M	1939
E. Elwood	SW $\frac{1}{4}$ Sec. 4-63-2-W4M	1939-1947
W. Chretien	SE $\frac{1}{4}$ Sec. 4-63-2-W4M	1948
R. K. & J. Bergo	NE $\frac{1}{4}$ Sec. 32-62-2-W4M	1948
	SE $\frac{1}{4}$ Sec. 31-62-2-W4M	1939
	NE $\frac{1}{4}$ Sec. 30-62-2-W4M	1943
S. Hagen	NW $\frac{1}{4}$ Sec. 33-62-2-W4M	1940
J. & W. Reed	NE $\frac{1}{4}$ Sec. 33 & Part SW $\frac{1}{4}$ Sec. 34-62-2-W4M	1950
L. Poirier	Pt. N $\frac{1}{2}$ Sec. 34-62-2-W4M	1949

Owner	Description	Year Title Obtained
Mrs. H. Hardin ..	SW $\frac{1}{4}$ Sec. 32-62-2-W4M	1949
L. T. Hagen	SE $\frac{1}{4}$ Sec. 32-62-2-W4M	1939
	SW $\frac{1}{4}$ Sec. 33-62-2-W4M	1935
	NE $\frac{1}{4}$ Sec. 28-62-2-W4M	1933
P. E. Fex	SE $\frac{1}{4}$ Sec. 33-62-2-W4M	1950
J. E. Bergo	N $\frac{1}{2}$ Sec. 29-62-2-W4M	Title not with Bergo when expropriation filed—took possession in 1947.
H. & A. Smith ..	NW $\frac{1}{4}$ Sec. 28-62-2-W4M	

(Tabled on April 9, 1953 by DCL for Dept. of Transport)

APPENDIX No. 52

Question by Mr. Fleming. Asked March 26, 1953.

Memorandum giving details of settlements made with Oscar Nelson, L. Poirier, A. Poirier, H. H. Smith & J. & W. Reed for land taken for Cold Lake Airport and setting out method of determining allowances for depreciation and forcible taking.

Answer: When acquiring farm lands—either by expropriation or straight purchase—for Crown projects, more often than not the total land holdings of some of the owners affected will not be required. Consequently, these owners are left with smaller units than they originally had, with a resultant loss in income in the future and a conceivable lessening in value of the residue. While loss of income due to loss of acreage may be overcome to a great extent by the acquisition of additional land not too far removed from the 'home' farm, the drop in value of the residue is in all probability, permanent in that a less than normal size farm is not as readily saleable as one that has the acreage required to give the owner a good income. It does not necessarily follow, of course, that all farms are depreciated in value by the loss of acreage as the area taken may be so small, or the farm so large, that its severance will not affect the economy of the farm nor its re-sale value. Further, the land taken may be such that it was not a productive part of the farm. In addition to depreciation being allowed on the residual lands, it may also be allowed on certain of the farm buildings, but not on the dwelling. Barns, for instance, are normally built to a size suitable for a more or less definite acreage. If, then, that acreage is reduced to any appreciable extent the farm is burdened with a structure of a size not required. For example, a farmer invests in a barn large enough to take care of the needs of a 200 acre farm but the Crown takes 100 of those acres. The owner then has on his hands a structure too large for his needs which he must maintain and if at some later date he sells his farm the barn would conceivably only have the value of a '100-acre' barn.

So that all owners so affected may be treated on a like basis and be compensated in proportion to the injurious affection suffered, some set method must be used in arriving at the amount of depreciation or damages payable. The method in use by the Lands Branch of this Department is exemplified below:

Assuming the total area of the farm to be 200 acres and the acreage taken to be 50, then the farm has been reduced by one-quarter or 25%. The remaining 150 acres have been appraised at \$75.00 per acre for a value of \$11,250. The percentage of reduction,

namely, 25, is then applied to the value of the residue to determine the amount of depreciation allowable which, in this case, would be \$2,812.50.

This procedure has been followed in the Oscar Nelson, Louis Poirier, A. Poirier, H. H. Smith and J. & W. Reed settlements at Cold Lake and in the accompanying statements a breakdown of the total compensation paid in each case is given in complete detail. The settlement with Oscar Nelson departs from the Example (but not from the method) given above in that, while his farm has been reduced by 25%, only 20% depreciation is allowed as due to the nature of the land taken it was not considered the full rate of depreciation should apply.

In many cases where it is not possible to reach a settlement with the owner at the price which the Land Agent considers fair and reasonable, an additional 10% of the total compensation is added thereto. It is a well known fact that Exchequer Court action is costly and if such an action can be avoided by allowing something over and above the value of the property, then it is considered advisable to do so. This 10% additional is also given where it is felt that considerable disturbance and inconvenience has been created by the 'taking', such as relocation of fencing and drainage ditches, etc.

Also attached is copy of letter dated September 7th, 1951, from Mr. Louis Poirier setting out what his property cost him originally, what improvements he had made to it, what he considers it is worth and listing sales of land in the vicinity of Cold Lake.

OSCAR NELSON (Breakdown)

L.S.D. 1, 2 & 3 of Sec. 12/63/3 W4.

Mr. Nelson's farm contains a total of 480 acres, 120 of which is required for the airport. The buildings, which are located on the residue, comprise a dwelling, a barn of about \$3,000 value and a garage. Considering the nature of the area required, it is felt that the buildings will suffer no depreciation and so none has been allowed.

In actual fact the Crown requires 25% of the Nelson farm, but again due to the nature of the land taken, it is felt that the depreciation on the residue does not take full effect and so has been reduced to 20 per cent as is shown on the following breakdown.

Total Area	Area Taken	Percent Taken	Residue
480	120	25	360
Value of area taken			
20 ac. @ \$45/ac	.....	\$ 900	
100 ac. @ \$15/ac	.....	1500	
			\$2400
Value of Residue			
178 ac. @ \$45/ac	.....	8010	
182 ac. @ \$15/ac	.....	2730	
		10740	
Depreciation of residue 20% of 10,740			2148
			4548
Disturbance 10%			454
Total			5002

Mr. Nenson's option offer of \$5,000 is considered reasonable and recommended for acceptance.

LOUIS POIRIER (Breakdown)

The value of the cultivated bush and pasture lands in this case are consistent with the established land values in the district with the exception of the N.E. $\frac{1}{4}$ of 34 North of the station grounds. This area as Mr. Poirier points out, lying between the townsite of Grand Centre and the Grand Centre station grounds can reasonably be classified as townsite property since the expansion of the town would naturally be towards the station area. Already as previously noted small parcels have been sold out of this area. At the present time all available land is being bought up to the North boundary of the Cold Lake Highway. Since the development of the airport began in 1951, land in Grand Centre has had an increasing demand and many sales in and near the townsite have taken place. From my recent investigations I found 50 by 150' lots in Grand Centre have been sold at from \$200.00 to \$500.00 each. Mr. Poirier himself has sold lots at \$300.00 in Grand Centre and two lots South of the highway for \$100.00. Since one acre would make six 50 by 150' lots, one acre would be worth 6 x 50 or \$300.00 south of the highway. I also found small holdings close to Grand Centre were sold as follows:

(a) One half acre bought by the local Anglican Church on the N.E. side of Grand Centre in 1950 for \$200.00.

(b) 3.1 acres bought by Mr. J. Bartolovich of Cold Lake on the West side of Grand Centre in 1951 for \$600.00.

(c) One acre bought from Mr. Chretien of Grand Centre, less than $\frac{1}{2}$ mile North of Grand Centre on the highway in 1952 for \$300.00.

It is reasonable therefore to place a value of \$150.00 per acre on the land South of the highway and North of the station grounds in the N.E. $\frac{1}{4}$ of 34. Probably this land would be even more valuable than other land surrounding Grand Centre since it is closer to the station and is flat cleared land. Already this office has had inquiries and offers to purchase small acreages in both the North $\frac{1}{2}$ and South $\frac{1}{2}$ of the N.E. $\frac{1}{4}$ of 34 by private individuals which would indicate a strong demand for land which is close to Grand Centre and the multi-million dollar airport. Also the contractors and their employees are already living in trailers and cabins and storing machinery and equipment in the North $\frac{1}{2}$ of the N.E. $\frac{1}{4}$ of Section 34, since it is so handy to the town, the station, and construction area.

In the light of the foregoing, the land values in the following breakdown are considered reasonable.

Breakdown

Total Area	Area Expropriated	Percent	Residue
436.7 Acres	277.7 Acres	63.7	159 Acres
Value of area expropriated			
N.W. $\frac{1}{4}$ Sec. 34: 90 acres cultivated @ \$45/ac.	\$4050		
62.2 " pasture " 15/ac.	993		
N.W. $\frac{1}{4}$ Sec. 34: 71.3 " cultivated " 45/ac.	3208		
50.2 " townsite " 150/ac.	7530		15781
Value of Residue			
S.E. $\frac{1}{4}$ Sec. 28: 85 acres cultivated @ \$45/ac.—	3825		
74 acres pasture @ 15/ac.—	1110	4935	
Depreciation of Residue 493 x 63.7	3143		
Value of buildings on N.E. $\frac{1}{4}$ -34	1460	20384	
Disturbance and forceful taking	10%	2038	
Total			22422

As Mr. Poirier has been so seriously affected by the expropriation, it is recommended that his offer of \$22,000 be accepted.

Poirier Buildings, Part N.E. 1/4-34-62-2 WA.

Hog house—log with frame lean to, Picture No. 110 centre. Log construction on log sills, lumber gable ends, gable roof shingled, plank floor and good lumber pens.

Leanto—2 by 4 frame on wood sills, plank floor, good pens, unlined, shed roof shingled. Fair construction and condition.

Values—Hog house 16 feet by 18 feet by 10 feet=2,880 cubic feet.

2880 cubic feet at 14 cents	403
Depreciation 40 per cent	160

Replacement Value \$243

Leanto 10 feet by 18 feet by 7 feet=1,260 cubic feet.

1,260 cubic feet at 15 cents	189
Depreciation 30 per cent	57

Replacement Value \$132

Total Value Hog House and Lean To \$375

Poirier Buildings

Hog House—Log and frame, Picture No. 110 left.

Built in three sections.

1st Section—squared log on log sills, plank floor, frame gable roof, roll roofing, lumber gable ends, plank pens. Heavy construction, fair condition.

2nd Section—2 by 4 frame on wood sills, plank floor, unlined, gable roof, roll roofing, plank pens. Cheap construction and fair condition.

3rd Section—log on log sills, plank floor, framed gable roof, roll roofing, plank pens. Heavy construction, fair condition.

Values

Log 16 feet by 17 feet by 10 feet, 2,720 cubic feet at 14 cents=380 less 50 p.c., depreciation	\$190
Frame 24 feet by 17 feet by 10 feet, 3,672 cubic feet at 8 cents=293 less 40 p.c., depreciation	176
Log 16 feet by 17 feet by 9 feet, 2,448 cubic feet at 15 cents=367 less 50 p.c., depreciation	184

Total replacement Value \$550

Poirier Buildings

Barn—log and frame, Picture No. 111 foreground.

Barn—squared log on log sills, plank floor, gable roof, roll roofing, plank pens, heavy construction, fair condition.

Leanto—2 by 4 frame on wood sills, plank floor and pens, shed roof, roll roofing, cheap construction, fair condition.

Values, Barn—12 feet by 12 feet by 10 feet=1,440 cubic feet.

1,440 cubic feet at 20 cents	\$288
Depreciation 40 per cent	115

Replacement Value \$173

Leanto 12 feet by 12 feet by 7 feet=1,008 cubic feet.

1,008 cubic feet at 8 cents	\$ 80
Depreciation 25 per cent	20

Replacement Value \$ 60

Total Barn and Leanto \$233

Poirier Buildings

Chicken House—Picture No. 111, background—2 by 4 frame on wood sills, shiplap floor, nests, roosts, gable roof, roll roofing. Fair construction and condition.

Values—12 feet by 14 feet by 10 feet=1,680 cubic feet.

1,680 cubic feet at 14 cents	\$235
Depreciation 10 per cent	23

Replacement Value \$212

Summary of Buildings

Hog house	\$ 375
Hog house	550
Barn	233
Chicken House	212
Well, wood cribbed 18' at 5.00/ft.	90
	<hr/>
	\$1,460

MRS. ADELINE POIRIER (Breakdown)

S. $\frac{1}{2}$ of S.E. $\frac{1}{4}$ —Sec. 7/63/2 W4.

Total Area	Area Req'd.	Per cent Taken	Residue
161	81	50	80

No Buildings

Value area taken

61 ac. at \$52.00	\$3,172
20 ac. at \$15.00	300

\$3,472

Value of residue

80 ac. at \$15.00	\$1,200.
Depreciation of Residue 50 per cent of \$1,200	600

4,072

Disturbance 10 per cent 407 |

Total. \$4,479

The portion of this quarter which the Crown requires will be a serious loss to Mr. Poirier. The area required takes in the only cultivated part of the quarter, 61 acres of which has been sown to alfalfa which is grown for the seed. Alfalfa which is grown for seed must be of top quality and as free of weeds as is possible to keep it. Reseeding is only required about once in at least 5 years. Mr. Poirier has been deriving a good yearly income from his alfalfa seed since 1948 and, as stated on the option, request is made by Mr. Poirier to take off the 1952 crop.

After considering Mr. Poirier's loss of revenue and the high quality crops sown and cultivated, a price of \$52.00 per acre has been allowed on the 61 acres. The depreciation of the residue does not amount to so much as it is not cultivated and the residue is considered as being the balance of the quarter rather than the balance of Poirier's farm for this quarter is separated from the main farm by 2 miles.

The option price is considered reasonable and recommended for acceptance.

Breakdown

HERMAN H. SMITH

N.W. 28-62-2W4

Mr. Smith's total farm consists of two adjoining quarter sections, one of which is required for the Cold Lake Airport. The quarter required contains no buildings but has 65 acres of cultivated land. The quarter not required contains 45 acres cultivated land and all the farm buildings. It would follow, therefore, that depreciation on residue land and the buildings should be allowed.

Mr. Smith first asked \$10,000 for the quarter required but has been induced to reduce his claim by \$3,000. The basic price per acre is the same as has been established for land in this area and the following description of buildings with available photographs and breakdown indicates Mr. Smith's claim of \$7,000 is reasonable and recommended for acceptance.

Improvements excluding dwelling—all on residue

Barn—Picture No. 116 Age 1939

Log on log sills. Pole and straw roof. Plank floor.
24 x 30 x 7—5,040 cu. ft. Net value..... \$100

Sheep Barn Picture 118, Age 1941

Slab and pole construction. Cable roof, slab covered.
Dirt Floor—partitioned. Fair construction, fair condition.

Value

26 x 18 x 9—4,212 cu. ft.
4,212 cu. ft. @ 7c. \$294
Depreciation @ 40 per cent. 117 \$177

Granary Permanent—Picture No. 119, Age 1943

Frame construction, log sills. Shed type slab roof. Shiplap floor. Two partitions. Fair construction, fairly good condition.

Value

16 x 12 x 9—1,728 cu. ft.
1,728 cu. ft. @ 16c. \$276
Depreciation @ 25 per cent. 69 \$207

Lambing Shed No Picture. Age 1943

Frame construction on log sills. Gable roof of slabs. Floored with rough lumber. Fair construction, fair condition.

Value

10 x 12 x 7—840 cu. ft. Net value..... \$50

Summary of Buildings

Barn	\$100
Sheep barn	177
Granary	207
Lambing shed	50

Total \$524

Total Area	Area Taken	Per cent	Residue
316	159	50	157
Value of Area Taken			
65 acres @ \$45.00		\$2,925	
94 acres @ \$15.00		1,410	\$4,335
Value of Residue			
45 acres @ \$45.00		\$2,025	
112 acres @ \$15.00		1,680	\$3,705
Depreciation of residue 50 per cent of	\$3,705	\$1,852	
Depreciation of buildings 50 per cent of	534	267	\$6,454
Disturbance 10 per cent.....			645
Total			\$7,099

JOHN & WILSON REED (Breakdown)

IMPROVEMENTS:

House: Picture No. 100 Age 1948

One storey frame construction on 3 foot concrete foundation. Gable roof. Rolled roofing. Bracket brick chimney. Half-size dugout basement. Outside walls building paper and shiplap. Inside wallboard. Tongue and groove floor with lino. Shaving insulated. Drop siding on hand to complete outside. Fair construction. Good condition.

Value: 24x20x12—5760 cu. ft.

5760 cu. ft. at 35 cents\$2,023

Depreciation at 5 per cent 101

\$1,922

Garage and Storehouse: Picture No. 101 Age 1933

Log construction on log sills. Gable roof. Rolled roofing. Bracket brick chimney. Shiplap and plank floor. Fair construction. Good condition.

Value: 26x22x10—5720 cu. ft.

5720 cu. ft. at 8½ cents\$486

Depreciation at 30 per cent 145

\$341

Tool Shed: Picture No. 102 Age 1941

Slab and rough lumber construction on wood sills. Gable roof. Rolled roofing. 10x12x5½—660 cu. ft.

Net Value\$35

Hen House: Picture No. 102 Age 1939

Log on log sills. Gable roof. Wood shingles. Shiplap floor. Fair construction. Good condition.

Value: 20x16x9—2880 cu. ft.

2880 cu. ft. at 11 cents\$317

Depreciation at 20 per cent 63

\$254

Granary: Permanent. Picture No. 102 Age 1937

Log construction on log sills. Gable roof. Wood shingles. Shiplap floor.
Fair construction. Good condition.

Value: 20x12x9—2160 cu. ft.
2160 cu. ft. at 11 cents\$237
Depreciation 25 per cent 57

\$180

Chicken House: Picture No. 107 left Age 1941

Log construction on log sills. Gable roof with slabs. Gable ends slab and rough lumber. Fair construction. Good condition.

Value: 22x16x9—3168 cu. ft.
3168 cu. ft. at 10½ cents\$332
Depreciation 15 per cent 49

\$283

Barn: Picture No. 107 Age 1937

Log and frame construction on log sills. Gambrel roof of rough lumber. Gable ends rough lumber. Plank floor, mangers, etc. Loft floor shiplap. Fair construction. Fairly good condition.

Value: 25x25x17—10625 cu. ft.
10625 cu. ft. at 13 cents\$1,381
Depreciation 25 per cent 345

\$1,036

Annex: Not shown in picture Age 1941

Log on log sills. Straw roof. Plank floor, mangers, etc. Fair construction. Good condition.

Value: 25x18x9—4150 cu. ft.
4150 cu. ft. at 10 cents\$415
Depreciation at 15 per cent 62

\$353

Pighouse: No picture Age 1946

Slab construction on wood sills. Gable roof of slabs. Plank floor. Fair construction. Fairly good condition.

Value: 14x8x8—896 cu. ft.
896 cu. ft. at 12 cents\$107
Depreciation at 20 per cent 21

\$86

Milk House: No picture Age 1946

Frame construction on wood sills. Gable roof. Rolled roofing. Built over flowing spring for cooling and storing of milk. Fair construction. Good condition.

Value: 10x6x9—540 cu. ft.
540 cu. ft. at 15 cents\$81
Depreciation at 8 per cent 6

\$75

Well: 18 ft. at \$5 per ft\$90

SUMMARY OF IMPROVEMENTS

House	\$1,922
Garage and storehouse	341
Tool shed	35
Hen house	254
Granary (Permanent)	180
Chicken house	283
Barn	1,036
Annex	353
Pighthouse	86
Milk house	75
Well	90
TOTAL	\$4,655

LAND

Total Area	Area taken	Per cent taken	Residue
315	201	64	114

JOHN & WILSON REED (Breakdown)

Value of Land taken		
82 acres at \$45	\$3,690	
119 acres at \$15	1,785	
		\$5,475
Value of Improvements taken		4,655
		<u>10,130</u>
Value of Residue		
65 acres at \$45	\$2,925	
49 acres at \$15	735	
	3,660	
Depreciation of Residue 64 per cent of 3,660		2,342
		<u>12,472</u>
Disturbance at 10 per cent		1,247
		<u>\$13,719</u>
Total		
Option for \$13,800		

This option which is being resubmitted was originally for \$15,500 and has been reduced to \$13,800 after further negotiations with Mr. Reed. As indicated from the above breakdown and pictures, Mr. Reed had a considerable number of reasonably new buildings. These buildings are all situated on the area required, being 201 acres of a 350 acre farm. Mr. Reed has decided to keep the residue and so this option covers the 201 acres required and buildings. Since Mr. Reed will be unable to move until after he has received payment, he requests that he in the meantime have occupancy of buildings and also there is marketable timber on his land which he wishes to cut till payment for the property is made.

Mr. Reed has suffered unusual disturbances during the past summer, for the railroad grade which was constructed passed through his farm yard, but fortunately did not disturb any of his buildings. However, I understand that a road to be constructed will pass through his farm yard at a point where his barn now stands. It is possible that Mr. Reed's buildings will be an obstacle to development of the airport when the construction starts, but he insists in

retaining possession until he receives payment. The title of this property stands in the names of Wilson and John Reed, which is occupied by Wilson Reed, who holds Power of Attorney for John Reed. The price contained in this option is considered reasonable for the farm and recommended for acceptance.

Grand Centre, Alta.

Sept. 7, 1951.

Mr. J. R. L. MURPHY,
Département of Transport,
District Land Office,
Edmonton, Alta.

DEAR SIR: In reply of your letter of August the 31st, if you remember I had told you when you was here that I had asked to have a few days to make up my mind. So, my wife and I have decided, that you should buy right now and then you could do what ever you wanted with the farm. So as it is, when I bought the farm it cost me about 20.00 an acre in 1945, with very little broke on it, now it is almost all broke up, so I have figure it up this way—20.00 an acre when purchase—Breaking 12.00 an acre—Clearing 10.00—root picking—rock picking and getting the land ready after breaking 11.00 making a total of 53.00 an acre, and this farm have at least increase in price by 15.00 an acre, with the rail road coming in, and the highway right at the door, and situated right in town, so this means a lot, the total value will be 68.00 an acre for just the land itself. I have spent on this farm since I bought it, many thousands of dollars in order to have it in shape to give revenue, and we moved all the buildings a half a mile in order to have everything in town for better convenience and we build other buildings for my pig business of which it is what I make most my money with, dug two wells, build fences, and also enlarge the house twice the size of what it was, and by taking only my farm, I am left with just the house and a small business that I can not make my living with, for the farming district is very small there is only about five months in the year that I keep open for business. So my living here would be very small. So I would have to sell out what I get left here and move away with my family, and start something else, elsewhere, and I am already 56 years of age and I have been in this district for 40 years and work hard all my life, raise 7 children, and this farm that you are taking is all I have got, beside another farm near the river that is $\frac{1}{2}$ section of land, and it is good only for alfalfa land—so at my age it will be quite of a displacement, and I am really too old to start again the hard way. I have only two sons—one of them is a school teacher and the other one is getting married this fall and going on his own so I will be left alone with three girls and the wife. And the farm that you are taking from me is best farm in the whole district; I could not replace it by no other farm like it. Now in regards of increase in price and value, just to give you an idea, last fall you could of buy any lot in this town for 100.00 each and now they are selling them at 400.00 each. And there was an acre of land that was purchase four years ago in this town by Mr. Carl Olsen the hotel owner and he paid 500.00 for it and sold half of it two years ago for 500.00 and now he wants 1500.00 for the remaining, making a total of 2000.00, so you can see how much property have increase. I was also to Bonnyville district 30 miles south west of here, to see about a half a section that I would of like to buy and the party wanted \$20,000.00 and it is 5 miles from town. So you can see that good farm are very expensive.

Now you can decide about my price, for my half a section here in Grand Centre town, the north half of 34-62-2 W of 4th, I want 68.00 an acre for it and this is for the land only, I want my crop it is the first good crop in three years—and if I decide to re buy from you the portion of land, where I have my pig ranch,

that is the portion between the highway and the rail road, from the buildings east, up to the highway—I will repay you what ever you have paid me for, and I could decide definite about it by next spring.

Let me hear from you in the near future.

I remain

Yours truly
(Signed) LOUIS POIRER

(Tabled on April 9, 1953 by DCL for Department of Transport.)

APPENDIX No. 53

Question by Mr. Stick. (Asked on March 17, 1953.)

1. Give the number of personnel accommodation in permanent quarters in Newfoundland?

2. Give the number of personnel accommodation in temporary quarters in Newfoundland?

Answer

Newfoundland Quarters

All Services

(a) Single
Quarters

Temporary	Permanent	Total
Nil	876	876

(b) Married
Quarters

89	246	335
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Totals	89	1122	1211
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(Tabled on April 9, 1953 by DND)

APPENDIX No. 54

Question by Mr. Thomas. (Asked on March 31, 1953.)

Wartime Strength

RCAF Station, Penhold.

Answer

Accommodation was provided at Penhold under wartime conditions for a maximum of 1,400 personnel. Actual average strength of the station was somewhat less than this.

(Tabled on April 9, 1953 by DND)

APPENDIX No. 55

Question by Mr. Fulton. (Asked on April 2, 1953.)

Has any attempt been made to have purchasers of buildings at the RCAF station, Penhold, Alta., reimburse the Crown for expenses incurred in removing cement slabs which were left on site.

Answer

With respect to buildings at RCAF Station, Penhold, declared surplus by the Department of Transport, Crown Assets Disposal Corporation has replied that, "The Sales Order carried the following condition:—

*'Requirement:—*Purchaser is required to either remove or demolish the building, removing all materials from the site, leaving it clean and tidy, levelling any excavations or mounds to the original contour of the ground to the satisfaction of a duly authorized representative of War Assets Corporation'.

In sales of buildings from Government-owned property such as Penhold Airport, purchasers were not required to remove concrete slabs on which buildings were erected. By allowing the concrete slabs to remain in place a larger return was obtained and where the Reporting Departments were agreeable to such arrangements this sales procedure was generally followed."

(Tabled on April 9, 1953 by DND)

APPENDIX No. 56

Question by Mr. Thomas. (Asked on April 2, 1952.)

What additional expense resulted from the fact that dependents of RCAF personnel were moved to RCAF Station, Penhold, before married quarters were available.

*Answer—*Personnel transferred to other than temporary posts are entitled to be moved with their dependents at public expense to the new place of duty. Regulations provide that an interim lodging allowance be paid in respect of each day at the beginning or end of the journey but not exceeding 35 days in the aggregate during which an individual is:

1. Awaiting arrival of his furniture and effects, having located private accommodation or been allocated a married quarter, or;
2. endeavouring to locate private accommodation and a married quarter is not available.

Activation of a new station is not primarily dependent on the availability of married quarters but rather on the availability of working facilities, barracks and messes. It is still not possible to allot married quarters to most personnel on arrival at any unit as in the majority of cases there are waiting lists for such quarters. In order that personnel who have to find scarce accommodation may not suffer undue hardship, an interim lodging allowance is paid to assist in meeting the cost of lodging for the family for a limited period while suitable accommodation is being sought.

No special allowances were authorized on behalf of personnel posted to Penhold beyond those authorized for all personnel in similar circumstances.

(Tabled on April 9, 1953 by DND)

APPENDIX No. 57

Question by General Pearkes. (Asked on April 7, 1953.)

Re: Penhold—RCAF Station

1. What is the length of the runways?
2. What strength or lengthening has taken place to service modern aircraft?
3. What facilities exist for extending the runways (if required)?

Answer:—

1. There are 6 runways each 100 feet in width. Individual lengths are as follows:

- (a) 3,420 ft.
- (b) 3,420 ft.
- (c) 2,970 ft.
- (d) 2,942 ft.
- (e) 3,520 ft.
- (f) 3,210 ft.

2. Improvements have been made to meet the requirements of the station. These include the addition of approximately 1 foot of base, and a new 2" hot-mix surface. Some of the original runways were high on one side and others were generally flat. They are now properly crowned, in accordance with modern practice, to prevent water standing on runways. None of the runways have been lengthened.

3. The topography lends itself to lengthening in one or both directions. The necessary land could be readily acquired if this should become necessary.

(Tabled on April 9, 1953 by DND)

NOTE: Appendices Nos. 58, 59, 60, 61 and 62 which follow are in answer to question 1 (a) and (b) printed on page 442 of the Evidence.

APPENDIX No. 58

COST PLUS FIXED FEE CONTRACTS AWARDED BY DEFENCE CONSTRUCTION (1951) LTD.

SINCE NOV. 22ND 1950.
(As of March 1st 1953)

Location	Contractor	Date of award	Description of work	Original estimated cost, (including fee)	Fee	Increase in authorization	Current authorization (including fee)	Current fee	Reasons for adopting cost plus fixed fee contract
1. Goose Bay	Terminal Construction.	April 5, 1951..	VHF Bldg. Supply Bldg., Construction Engineering Building.	730,000	34,500			\$	Remoteness of Site.
		Oct. 9, 1951..	50 Married Quarters....	1,050,000	50,000				
		Feb. 19, 1952..	Mechanical Equipment and Fuel Tanks Garage, 4 Room Addition to Existing School....	1,239,360	50,860				
		July 3, 1952..	Ground Services.....	320,000	12,308				
		Sept. 24, 1952..	Central Heating Plant, Underground - Steam Dist., Oil - Piping Supply System.....	1,639,500	45,891				
		Oct. 15, 1952..	Rehabilitation of water Intake, Steelex Hotel Bldg. for D.O.T.....	412,000	12,000				
		Oct. 31, 1952..	2-Bay Extension to Existing Fire Hall.....	95,000	2,767				
				5,485,860	208,336		5,485,860	208,336	
2. St. Paul L'Ermite, P.Q.....	Anglin Norcross Company.....	April 18, 1952..	Construction of Bomb Plant Extension—Canadian Arsenal Ltd., Chevrier Plant.	1,198,000	55,000		1,198,000	55,000	Urgency of commencing work before plans and specifications were finalized. Extensive alterations and reconditioning to existing structures.

COST PLUS FIXED FEE CONTRACTS AWARDED BY DEFENCE CONSTRUCTION (1951) LTD.—Continued
SINCE NOV. 22ND 1950.
(As of March 1st 1953)

Location	Contractor	Date of award	Description of work	Original estimated cost (including fee)	Fee	Increase in authorization	Current authorization (including fee)	Current fee	Reasons for adopting cost plus fixed fee contract
3. Nicolet, P.Q.....	Royal Mount Construction Co. Ltd.....	May 19, 1952..	Proof Range for Heavy Guns—DND Inspection Services.....	\$ 1,000,000	\$ 50,000	\$ 1,834,000	\$ 2,834,000	\$ 128,231	Gun testing facilities were urgently required to avoid delay in gun production. Construction had to proceed as plans and specifications became available.
4. Quebec City, P.Q.....	Francois Jobin Inc.....	Dec. 5, 1951..	Rehabilitation of Morton Plant and Palace Hill Plant—Canadian Arsenal Ltd.....	1,055,000	55,000	.....	1,055,000	55,000	Morton Plant was an existing building taken over by Canadian Arsenal. Alterations and adaptations were required and the removal of certain plant from Palace Hill. The nature of the work precluded accurate firm price bidding.
5. Quebec City, P.Q.....	Francois Jobin Inc.....	Oct. 17, 1951..	Addition & Alterations to R.C.N. Basic Training School.....	225,000	12,000	47,230	272,230 (Final)	13,500 (Final)	The alterations and additions to the existing building were such that it was not possible to specify them in sufficient detail to expect an accurate firm price. The building was urgently required for training of French speaking recruits.
6. Montreal, P.Q.....	Building Renovators Ltd.....	March 2, 1951..	Renovations & Alts., D'Allard Building for R.C.A.F.....	60,000	2,800	78,319	138,319 (Final)	6,550 (Final)	The impossibility of clearly defining the extent of the work involved in altering an existing building.

7. Fort Churchill, Manitoba.....	Foundation Company of Canada.....	Aug. 20, 1951...	Rawinsonde Tower and Hydrogen Generating Plant (Army).....	45,000	1,300	1,236	46,236	1,336	Remoteness of site rocky terrain and foundations laid on permanent frost.
		Aug. 20, 1951..	Extension to D.R.B. Laboratory.....	415,000	12,000	85,000	500,000	14,500	
			Extension to Power Plant (Army) 4 Married Quarters (D.O.T.).....	175,000	5,100		175,000	5,100	
		Oct. 12, 1951...	VHF/DF Building.....	10,000	300	7,000	17,000	500	
				645,000	18,700	93,236	738,236	21,436	
				9,668,860	401,836	2,052,785	11,721,645	488,053	
			Sub-Total—Foundation Company of Canada.....						
			Total for all contracts.....						

(Tabled on April 9, 1953 by DCL)

APPENDIX No. 59
D.C.L. EXTENSIONS TO COST PLUS FIXED FEE CONTRACTS WHICH EXISTED AT NOV. 22nd, 1950.
 (AS OF MARCH 1st, 1953)

Location	Contractor	Date of award	Description of work	Original estimated cost (including fee)	Fee	Increase in authorization	Current authorization (including fee)	Current fee	Reasons for adopting cost plus fixed fee contract
1. Fort Churchill.....	Cotter Bros.....	April 16, 1951...	Additional Plumbing and Heating work in Army Buildings not included in original plans & Specifications	49,800	2,300	49,800	2,300	Remoteness of Site and Contractor already engaged on Work at this site.
		Dec. 4, 1951....	Plumbing & Heating Work to Officers Mess one additional Officers Quarters and Hospital compound...	121,617	3,835	.....	121,617	3,835
				171,417	6,135	.....	171,417	6,135
Sub-Total Cotter Bros.....									
2. Fort Churchill.....	Kummen-Shipman Limited.....	Jan. 3, 1952....	Primary & Secondary Distribution & Interior Wiring—Hospital Compound.....	56,133	3,000	56,133	3,000	"
		Aug. 7, 1952....	Installation of Fire Alarm System.....	118,500	5,643	.....	118,500	5,643
				174,633	8,643	.....	174,633	8,643
Sub-Total Kummen-Shipman.....									
3. Fort Churchill.....	Partridge-Halliday.....	Dec. 12, 1950...	Sundry Plumbing Items in Various Bldgs.....	45,701	2,175	45,701	2,175	"
4. Fort Churchill.....	Foundation Company of Canada Limited..	Dec. 13, 1950...	10 Room School, 148 Married Quarters, 2 Additional Boilers...	5,070,469	99,404	.....	5,070,469	99,404
		Sept. 21, 1951...	Re-roofing Existing Central Heating Plant	3,300	65	.....	3,300	65
		Dec. 4, 1951....	Substitution of Boilers and Extension to Central Heating Plant...	495,000	9,700	495,000	9,700	"
Sub-Total—Foundation Company of Canada.....				5,568,769	109,169	.....	5,568,769	109,169
Total for all contract extensions.....				5,960,520	126,122	.....	5,960,520	126,122

(Tabled on April 9, 1953 by DCL)

APPENDIX No. 60

FIRM PRICE NEGOTIATED CONTRACTS AWARDED BY DEFENCE CONSTRUCTION (1951) LIMITED

SINCE NOV. 22ND 1950
(As of March 1st 1953)

Date Of Contract	Contractor	Location	Project	Cost		Explanatory Remarks
				Original	Final	
Jan. 5, 1951.....	Doran Construction Co. Ltd., Ottawa.....	Ottawa, Ont.....	Phase IID R.B. Electronics Laboratory	\$ 568,043 00	\$ 591,757 69	Contractor was awarded a firm price contract for phase I of this building as a competitive tender call. Phase II is an integral part of the building.
Jan. 9, 1951.....	Armco Drainage and Metal Pro- ducts of Canada Ltd., Quelpah, Ont.....	Ottawa, Ont. (Victoria Island)	Erect and finish "Armco" pre-fabricated bldgs.....	16,200 00	26,675 23	The buildings were urgently required by the R.C.A.F. and the quickest way to get completion was to arrange for erection by the suppliers' skilled crew.
Feb. 7, 1951.....	Dominion Bridge Co. Ltd., Calgary, Alta.....	Suffield, Alta.....	Supply and erect steel tanks hanger.....	8,314 00	8,975 00	To meet the urgent requirement of DRB, erection was arranged for the the manufacturers' crew.
April 11, 1951.....	The Tower Co. Ltd., Montreal	Aklavik, N.W.T.....	Supply and erect pre-fabricated apart- ment housing unit (1 4 apartment bldg.—\$89 613 Erection and trans- portation of operations bldg.—\$15,204)	104,817 00	120,075 58	This company, which specializes in the supply and erection of buildings for arctic conditions, had the required building in stock and thus could com- plete erection during the short con- struction season.
May 21, 1951.....	F. R. Gibbs, Medicine Hat.....	Suffield, Alta.....	Filling and grading.....	5,000 00	7,498 30	This contractor was on the site doing similar work for C.M.H.C. under a contract resulting from a competitive tender call. This contract was awarded at similar unit prices.
July 19, 1951.....	Black, Sivalls and Bryson Ltd., Edmonton.....	Aklavik, N.W.T.....	Erection of two 250 bbl. oil storage tanks	1,200 00	1,234 63	This contractor, a specialist in work of this nature, was on site doing similar work for Imperial Oil. Con- sequently in the interests of economy and as he was the only contractor in the vicinity, contract was negotiated.

FIRM PRICE NEGOTIATED CONTRACTS AWARDED BY DEFENCE CONSTRUCTION (1951) LIMITED—Continued

SINCE NOV. 22ND 1950
(As of March 1st 1953)

Date Of Contract	Contractor	Location	Project	Cost		Explanatory Remarks
				Original	Final	
Oct. 4, 1951....	W. C. Brennan Contracting Co., Hamilton.....	Centralia, Ont.....	Erect and finish "Armco" steelox Bldg.	\$ 29,000 35	\$ 29,000 35	This building was an urgent R.C.A.F. requirement to meet training commitments. This contractor was on the site and had trained personnel available.
Oct. 5, 1951....	Marwell Construction Co. Ltd., Vancouver.....	Comox, B.C.....	Construct 130 ft. span pre-cast concrete hangar.....	246,452 00	246,452 00	Marwell Construction Co. Ltd., had considerable experience with pre-cast concrete construction and as the R.C.A.F. wished to gain experience with this type of construction, this contractor was selected to build one hangar. The contract provided for two bays to be built and tested before completion was agreed to.
Oct. 15, 1951....	North Western Utilities Ltd. Edmonton	Wainwright, Alta.....	Supply and install gas distribution sys- tem	\$ 50,651 00	\$ 72,864 01	This utility firm was to supply the camp's gas requirements.
Jan. 3, 1952.....	Foster Wheeler Ltd., St. Catharines, Ont.	Comox, B.C.....	Supply and install three steam gener- ating units.	168,964 00	168,964 00	
Jan. 3, 1952.....	Foster Wheeler Ltd., St. Catharines, Ont.	Downsview, Ont.....	Supply and install one steam gener- ating unit.	45,608 00	45,608 00	
Jan. 3, 1952.....	Canadian Vickers Ltd., Mon- treal.	Centralia, Ont.....	Supply and install three steam gener- ating units.	161,067 00	161,252 00	
Jan. 3, 1952.....	Foster Wheeler Ltd., St. Catharines, Ont.	Cold Lake, Alta.....	Supply and install three steam gener- ating units.	165,194 00	165,344 00	In view of the large demand for these items, a consulting engineer, Mr. R. A. Hainault was employed to investigate requirements of the ser- vices and the supply situation. On the basis of his report and in accordance with orders previously received from these firms, contracts were negotiated for these units, bearing in mind the type required, the shop capacity of each company, with a view of achiev- ing the best possible delivering dates.
Jan. 3, 1952.....	Foster Wheeler Ltd., St. Catharines, Ont.	Namsoo, Alta. (R.C.A.F. Sta- tion prop.)	Supply and install three steam gener- ating units.	139,212 00	142,338 50	
Jan. 3, 1952.....	Foster Wheeler Ltd., St. Catharines, Ont.	Namsoo, Alta. (Supply Depot).	Supply and install two steam generating units.	95,147 00	96,143 50	
Jan. 15, 1952....	Canadian Vickers Ltd., Mon- treal.	Goose Bay, Lab.....	Supply and install three steam gener- ating units.	173,368 00	173,368 00	

May 12, 1952.....	Foster Wheeler Ltd., Catharines, Ont.	Port Coquitlam, B.C.....	Supply and install two steam generating units.	151,829 00	151,829 00
June 13, 1952.....	E. Leonard and Sons Ltd., London, Ont.....	London, Ont. (Wolsely Barracks).	Supply and install two steam generating units.	93,847 00	83,847 00
Aug. 18, 1952.....	Vulcan Iron and Engineering Ltd., Winnipeg.	Winnipeg (Fort Osborne Barracks).	Supply and install two steam generating units.	141,630 00	141,630 00
Oct. 1, 1952.....	Dominion Electric Protection Co., London, Ont.	London, Ont.....	Install fire alarm and watchman's system.	22,085 00	22,085 00
Oct. 8, 1952.....	Malcolm Construction Co. Ltd., Winnipeg.	Portage La Prairie, Manitoba..	Supply and install a 50 H.P. Heating plant and distribution system.	23,700 00	26,071 95
Jan. 8, 1953.....	Dominion Electric Protection Co., Montreal.	Long Branch, Ont.....	Supply and install fire alarm and watchman's system.	19,815 00	19,815 00

This company was chosen in order that the Ordnance Depot system would "tie in" with existing systems in the City of London.

Urgent requirement for heating Officers' and Ncos' quarters for the coming winter. As this contractor was building the bldgs. concerned (awarded as result of public tender call) it was considered expedient and in the interests of economy to enter into a contract with this firm.

Contract negotiated with this firm in order to "tie-in" with existing service,

(Tabled on April 9, 1953 by DCL)

APPENDIX NO. 61

COST PLUS FIXED FEE CONTRACTS AWARDED BY DEFENCE CONSTRUCTION (1951) LIMITED

BUILDING AND MAINTENANCE SECTION

(April 1st 1950 to March 1st, 1953)

Date of Contract	Contractor	Location	Project	Original estimated Cost (including fee)	Fee	Increase in authorization	Current authorization (including fee)	Current fee	Reasons for adopting cost plus type of contract
From Aug. 31, 1950 To Sept. 18, 1952	A. F. Byers Construction Co. Ltd., Montreal, Quebec.	Various (17 contracts)	Repairs to Wood trusses of Hangars and Drill Halls.	\$ 1,407,300 00 cts. 00	\$ 77,598 00 cts. 00	\$ 21,620 40 cts. 40	\$ 1,428,920 40 cts. 40	\$ 82,293 00 cts. 00	This is repair work of such a nature that the scope of the work could not be predetermined. (Final costs have been determined on only \$300,000 of this work).
Oct. 30, 1950.....	Doran Construction Co. Ltd., Ottawa, Ontario.	Uplands, Ontario	Renovation of existing buildings for accommodation of RCAF personnel.	600,000 00	28,500 00	552,165 93	1,152,165 93 (Final Cost)	50,940 00	This work was reconverting to barrack block use buildings which had been leased to the City of Ottawa for use of emergency shelters. Work of this nature could not be estimated accurately enough for firm price bids.
June 29, 1951.....	Alex I. Garvoek, Ottawa, Ontario.	Ottawa, Ontario.	Replacement of Fire wall and beam and repair of fire damage at No. 26 Ordnance Depot.	40,000 00	1,900 00	14,300 00	53,187 75 (Final Cost)	2,580 00	The extent of fire damage could not be predetermined.
				2,047,300 00	.....	588,358 50	2,634,556 25	.....

(Tabled on April 9, 1953 by DCL)

APPENDIX No. 62

FIRM PRICE NEGOTIATED CONTRACTS AWARDED BY DEFENCE CONSTRUCTION (1951) LIMITED

BUILDING AND MAINTENANCE SECTION

(April 1st, 1950 to March 1st, 1953)

Date of Contract	Contractor	Location	Project	Cost		Explanatory Remarks
				Original \$	Final \$	
1. April 5, 1950....	The Tower Company, Montreal, P.Q.	Gloucester, Ont.....	Supply and erection of two prefabricated buildings at Naval Radio Station.	14,400 00 cts.	14,400 00 cts.	The Tower Company were producing a prefabricated building for commercial use which met the requirements for this station and were in a position to provide and erect the buildings in the shortest possible time.
2. June 26, 1950....	Canadair Limited, Montreal, P.Q.	Montreal, P.Q.....	Renovation of leased portion of the Canadair plant for the No. 11 T.S.U.—R.C.A.F.	9,500 00	9,500 00	As the Owner had his own maintenance and construction crew, a contract was executed with Canadair for the required work.
3. Sept. 7, 1950....	The Canadian Bridge Company Toronto, Ont.	Manotick, Ont.....	Supply and erection of an antennae system.....	71,365 00	71,365 00	Due to the urgency of the work and because the Canadian Bridge Company were conversant with the antennae system requirement, the contract was negotiated with this firm.
4. Dec. 22, 1950....	Darling Brothers, Limited, Montreal, P.Q.	Moncton, N.B.....	Modification of four freight elevators at No. 5 Supply Depot.	13,088 00	13,088 00	It is normal practice to have work on elevators carried out by the manufacturer, who has skilled crews familiar with the equipment.
5. Dec. 22, 1950....	Turnbull Elevator Company Limited, Toronto, Ont.	Calgary, Alta.....	Modification for four freight elevators at No. 11 Supply Depot.	16,728 00	16,728 00	
6. Jan. 8, 1951....	Rodclson Elevator Company Limited, Toronto, Ont.	Moncton, N.B.....	Modification of two freight elevators No. 5 Supply Depot.	4,558 00	4,558 00	It is normal practice to have work on elevators carried out by the manufacturer, who has skilled crews familiar with the equipment.
7. March 9, 1951....	Stran Steel of Canada Limited, Toronto, Ont.	Petawawa, Ont., Wainwright, Alta. Edmonton, Alta.	Fabrication and supply of 214 Quonset prefabricated steel buildings and erection of three buildings at Petawawa and three at Wainwright.	1,233,013 25	1,307,773 67	D.N.D. urgently required prefabricated steel buildings which could be stockpiled and this be available should the need arise. Investigations of the industry showed that Stran Steel were in the best position to meet the requirements in the specified time.

FIRM PRICE NEGOTIATED CONTRACTS AWARDED BY DEFENCE CONSTRUCTION (1951) LIMITED—Continued

BUILDING AND MAINTENANCE SECTION
(April 1st, 1950 to March 1st, 1953)

Date of Contract	Contractor	Location	Project	Cost		Explanatory Remarks
				Original	Final	
8. July 12, 1951	Standard Gravel and Surfacing of Canada, Calgary, Alta.	Claresholm, Alta.	Repairs to RCAF runways taxi-strips, aprons, and drainage.	\$ 577,075 00	\$ 1,289,940 85	RCAF training commitments required flying training to commence at this station August 1st, 1951 and it was necessary that at least one double runway be repaired and ready for use by that date and the remainder as soon as possible thereafter. This Contractor was engaged on other work at the site and had trained personnel immediately available. The required runway was completed by August 1st.
9. Sept. 29, 1951	Kem-Air of Canada Montreal, P.Q.	Camp Borden, Ont.	Supply and installation of 269 refrigeration Conditioning units.	8,070 00	8,070 00	Similar units had been installed in refrigerators at various other centres and had proved satisfactory.
10. Dec. 4, 1952	Timber Structures of Canada Limited, Peterborough, Ont.	Valcartier, P.Q.	Fabrication, supply and erection of two timber buildings.	20,770 00	20,770 00	This contract was negotiated because the requirement was urgent and this Company was selected because other buildings at this site had been supplied by them.
Total				2,028,567 25	2,756,193 52	

(Tabled on April 9, 1953 by DCL)

APPENDIX No. 63

Question by Mr. Fleming

Asked on March 17, 1953

Namao, Rocky Point, and Penhold—

1. Who selected the site?
2. What were the reasons for the selection?

Answer—

NAVY

Rocky Point

1. The site was selected by the appropriate officers and officials of the Department of National Defence and confirmed by the Governor-in-Council. Acquisition of this property involved the purchase of combined small farm and residential holdings for which there is a constant demand in the Victoria Area by people desiring to settle there. Because of this it was considered advisable to engage the services of a competent Real Estate firm, which would be entirely familiar with values in the area, to act for the department and the firm of Ker and Stephenson Limited of Victoria was employed. Twenty-three properties containing a total of approximately 2,370 acres together with buildings, were acquired at a total cost of \$323,530; 2,087 acres by purchase in the amount of \$295,530 and 283 acres by expropriation which was settled in the amount of \$28,000. All of the prices paid were recommended by Ker and Stephenson Limited as fair and reasonable both to the department and the owners. The Real Estate firm has stated that similar property three to five miles distant in the same district was sold for prices considerably higher than those paid by the department, e.g., \$500 to \$1,000 per acre for waterfront, \$500 to \$700 per acre for cultivated land, and \$50 to \$100 per acre for wooded land, as opposed to Rocky Point averages of \$237, \$161 and \$17 respectively.

2. Colwood had to be abandoned as the areas adjacent to it have been built up mainly for residential purposes, and it is not possible to store the ammunition necessary to service the fleet based at Esquimalt in peacetime, and still preserve the required safety distances.

Rocky Point was chosen for the following reasons:—

- (a) Safety distances can be easily maintained and if necessary extended without encroaching on private property.
- (b) It is close to Esquimalt Naval Base
- (c) Workmen and trained staff are available.
- (d) Sea and rail transport facilities can be provided at reasonable cost.
- (e) City water and electric power are readily available.
- (f) The terrain is suitable.
- (g) Expansion is possible should it become necessary.

AIR

Namao

1. The site was selected by the appropriate officers and officials of the Department of National Defence. It was acquired by the Department from the United States Army Air Forces.

2. In 1943 the U.S.A.A.F. constructed an airfield at Namao with two runways, two hangars and certain other facilities to meet a wartime requirement for staging base facilities. On the 15th January, 1946, the U.S.A.A.F.

ceased its operations at Namao and the airfield was transferred to the RCAF who held it on a care and maintenance basis until September 1951. At that time it became necessary for the RCAF to establish facilities in Alberta capable of serving the Northwest Staging Route and of providing logistic support for all RCAF elements in Western and Northwestern Canada for air transport flying operations. It was also necessary to find a suitable site for the Combined Experimental and Proving Establishment.

The Edmonton Municipal Airport was not suitable for expansion or for continuing operations by the RCAF as it is located in the city and additional land was not available. The increasing use of this field by jet aircraft had led to complaints from civil authorities especially in regard to aircraft flying over the Royal Alexander Hospital which is located near the end of one of the main runways.

Namao was selected to meet the requirement outlined above because:—

- (a) It is within ten miles of the City of Edmonton which is the focal point in the area for railway, road, and air transportation. Thus it meets the requirements of the Northwest Staging Route and Logistic Support Units that are to be stationed at this airfield.
- (b) Existing valuable locations could be utilized. The runways at Namao are of sufficient length for jet aircraft and hangars were available to meet immediate requirements.
- (c) Land is available for expansion if it should become necessary.

Namao airfield was reopened and the Combined Experimental and Proving Establishment, the only RCAF unit with jet aircraft at Edmonton, was moved to this site in September 1951. On the completion of the present construction program it is intended that all regular force flying units at present in Edmonton will be relocated at Namao.

Penhold

1. The site was selected by appropriate officers and officials of the Department. It was acquired by the Department of National Defence from the Department of Transport.

2. Penhold was selected as an intermediate airfield for civil airline use on the Calgary-Edmonton route prior to World War II. It became an RCAF Service Flying Training School in 1941. It was closed down after World War II and made over to the Department of Transport.

The commencement of the NATO Air Training Scheme and the rapid expansion of the RCAF made it necessary to re-activate some World War II stations and to develop some new ones. Penhold was selected as one of the stations to be re-activated and developed to meet pilot training requirements because:—

- (a) the most suitable weather and topographic conditions for basic flying training exists in Western Canada.
- (b) selection of Penhold permitted a functional grouping in the "Calgary Complex of Stations" which enabled consolidation of repair contracts, spare equipment holdings and supply shipments.
- (c) existing valuable installations could be utilized to operational and economic advantage.

ARMY

Namao (Griesbach Barracks)

1. The site was selected by the appropriate officers and officials of the Department and confirmed by the Governor-in-Council. The acquisition of the land was carried out by the Lands Branch, Department of Transport,

acting for the Department of National Defence. Approximately 300 acres were acquired at a cost of \$76,500 which price was certified fair and reasonable by the Lands Branch.

2. It was necessary to relocate units of Western Command in Edmonton who were accommodated in very temporary buildings constructed, for the most part, by the U.S. Forces during the war. A large number of these buildings had been erected on land under lease from the City of Edmonton, and were in close proximity to the city airport.

Repeated requests had been received from the City of Edmonton to release this land to permit industrial and residential expansion of the city. The condition of the buildings occupied were such that repairs were considered to be quite uneconomical and replacement was essential for efficient operation.

Several sites were considered and the present site was selected for the following reasons:—

- (a) The property was immediately outside the city limits, between the city and the RCAF Station, and the water, sewer and gas lines servicing the Station were adjacent to the site and would be available for Army use.
- (b) Railway lines were within reasonable distance of the property.
- (c) Land values were lower outside the city.

(Tabled on April 9, 1953 by DND)

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no. 22

Physical &
Applied Sci.
Serials

Canada Defence Expenditure
Committee 1952-53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS

No. 22

Expenditure
20 p. 67

TUESDAY, APRIL 14, 1953

Statement on Churchill Station and description of Camp Borden

MINUTES OF PROCEEDINGS

TUESDAY, April 14, 1953.

(24)

The Special Committee on Defence Expenditure met this day at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Applewhaite, Benidickson, Blanchette, Cavers, Croll, Dickey, Fleming, George, Henderson, James, Jutras, Larson, McIlraith and Stick.—(14).

In attendance: Messrs. R. G. Johnson, J. Kendall and C. Maxwell of Defence Construction (1951) Limited; Messrs. H. A. Davis and W. R. Wright of the Department of National Defence.

The Chairman tabled an amended statement on Churchill by Mr. R. G. Johnson which was ordered printed. (*See appendix No. 64 to this day's evidence*). The original statement had been forwarded to the members in advance.

The Chairman also tabled for distribution copies of answers to questions by Messrs. Fulton, Fleming and Hunter as follows:

1. Wartime station at Goose Bay,
2. Supplementary return on land and buildings purchased, etc. since February 1, 1952 to February 28, 1953,
3. Description of Camp Borden.

The above three answers will appear as *appendices Nos. 65, 66 and 67*.

The Chairman announced that arrangements are being made for the Committee's visit to Camp Borden on Monday, April 20 next.

In view of the statement being made in the House by the Minister of National Defence, the Committee decided not to proceed further with the meeting.

At 11.50 o'clock a.m., the Committee adjourned to meet again on Thursday, April 16, at 11.30 o'clock a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

APPENDIX No. 64

STATEMENT ON FORT CHURCHILL

R. G. JOHNSON

Construction at Fort Churchill, Manitoba

I. At the time Defence Construction Limited was formed, there was already a considerable amount of construction work under way at Churchill. The Canadian Commercial Corporation had arranged contracts with eight firms in respect of five buildings, 56 dwelling units, and ten other works together with 2 classified projects. Three of the eight firms had been engaged at Churchill since 1948, while the remainder commenced work during 1949 and 1950. All these contracts were placed on a "cost plus a fixed fee" basis, with the exception of two—one with Imperial Oil Company on a firm price and another with Western Asbestos Limited on firm unit prices.

There are several reasons for using the cost plus fixed fee arrangement at Churchill. Climatic conditions, the rocky terrain, foundations laid on permafrost, site conditions and the remoteness from sources of material and labour precluded any possibility of the work being carried out on a firm price basis. Furthermore, in the initial stages of development at Churchill very little was known of permafrost construction methods.

The buildings and other works which had been completed, or substantially completed, by the end of 1950 were:—56 Married Quarters, (July 1950); Army Warehouse, (Sept. 1950); Hangar and M. E. Section, (Sept. 1950); Rhombic Antenna Ray, (July 1950); Radio Range Control, (July 1950); D. F. Station, (July 1950); Repairs to U.S. Army Workshop, (March 1951); Installation of equipment to Central Heating plant, (March 1949); Plumbing and Heating in Army Buildings (A), (August 1950); Installation of 3 gasoline tanks, (November 1950); Oil tank farm, (Nov. 1950); Installation and overhaul of Diesel Generating Units, (1949); Railway Spur to Camp, (1950).

Arrangements had been made, at the time Defence Construction Limited was formed, for the following:—

- Plumbing and Heating in Army Buildings (B)
- Electrical Installation in various Army Buildings
- Installation of Asphalt Tile in various Army Buildings
- Dual Chapel
- Joint Signals Operating Centre
- Commissary
- Engineers' Shops, Stores and Office Building
- Water Treatment Plant

Since November 22, 1950, we have arranged for the construction of the following:—

- 10 Room School
- 148 Permanent Married Quarters
- Extension to Central Heating Plant
- Extension to DRB Laboratory
- Rawinsonde Tower
- Extension to Diesel Power Plant
- 4 Married Quarters for DOT
- VHF/DF Building
- Prefabricated Transmitter Building

1—6,000 Barrel Tank

Direction of Overhaul of Diesel Generating Units

Extension of Railway Siding

II. A unique feature of the arrangements at Churchill is the retention, for design work, of the contractor who carries out the construction or installation. Construction work on Northern sites requires design by specialists who are familiar with the problems presented by perma-frost and exceptionally rigorous climatic conditions. Electrical, plumbing and heating installations in existing buildings were designed by firms with previous experience on those particular buildings.

Supervision of the physical construction work is also carried out by the main contractor (The Foundation Company of Canada Ltd.), the fee for this work being included in the design fee mentioned. The Department of National Defence also had their own inspection staff on the site.

The arrangements outlined were in existence when Defence Construction Limited was formed. Since then Central Mortgage and Housing Corporation, as our agent, have had a Resident Engineer on the site since March, 1951, to keep an overall watch on quality and the progress of the work.

Since the first contracts were awarded, there has been a Resident Auditor of the Cost Inspection and Audit Division at this site. This Auditor checks the receipt of materials used on the work, the timesheets and the payroll and, after signature by the CMHC Inspector, forwards the Progress Claims for payment. Arrangements for the purchase or rental of tools and equipment, sub-contracts and purchase of materials are approved by CMHC before they are completed.

III. It is my intention, Mr. Chairman, to limit this statement to remarks on the work carried out since the formation of Defence Construction Limited. It should be explained that construction of many of the buildings were arranged for by means of a Change Order to an existing contract.

I will deal briefly with each building or project by Contractor in the same order as they appear in the Appendix, but before doing so, it might be well to mention a few of the difficulties of construction at Churchill. "Unusual climatic and geological conditions at Churchill present some extremely difficult problems to the construction engineer. The long winters combine low temperatures, high winds and almost 100 per cent relative humidity.

One result is "Permafrost" or permanently frozen ground of great depth over which is an "active" layer which freezes and thaws with the seasons. The depth of the active layer varies with surface conditions. For example it is shallow under heavy insulating moss and deep under warm lake water. A change in surface conditions such as the removal of moss or the heat from a building or roadway pavement will drive down the frost line. Piles frozen into the permafrost have been used for successful building foundations, but large boulders prevented this solution at Churchill. Our engineers therefore, developed a new type of spread footing which was frozen in and insulated during the winter prior to the addition of superstructure loads. The buildings themselves were raised off the ground to allow access of cold air and their undersides were carefully insulated.

To avoid permafrost, buildings are constructed on rock outcroppings wherever possible. Geological pressures however have steeply tipped and generally shattered the rock formation. They have forced up large sections of rock called "pushups" leaving cavities filled with frozen materials. Loose rock must be removed, cavities must be cleaned out and foundations carried to solid rock (sometimes at considerable depth) in order to avoid failures.

Because of permafrost and because so many buildings are built on exposed rock, services are carried above ground in insulated and heated "utilidors".

The short construction season and the difficulty in bringing in construction personnel to isolated Churchill demand that a more than normal amount of

prefabrication work and stockpiling be done. As much work as possible is done by factories in the south during each winter for rapid erection in the following summer."

Winter conditions of 1951-1952 were extremely bad and stormy, cold weather as early as September 1951 hampered outside operations considerably. Blizzard conditions during November and December were exceptionally severe and on several occasions, it was impossible for the men to get from the construction camp to the projects.

An Electricians' strike during the fall of 1952 caused some delay in the work to several buildings. Shortage or late delivery of material to Churchill can gravely affect a progress schedule for many months, inasmuch as it may prevent a building being sufficiently advanced to enable work to proceed during the winter.

In spite of these handicaps, however, progress at Churchill has been extremely good and where any delays have occurred they have been occasioned by circumstances quite beyond the control of the contractor.

FOUNDATION COMPANY OF CANADA LIMITED

Dual Chapel:—

Work on this building started on May 10, 1951, the estimated completion date being set at December 25, 1951.

By the end of September 1951, although the weather was already badly deteriorating, the work was well ahead of schedule. The building was taken over by the Department of National Defence on October 15, 1951, two months ahead of schedule, with minor deficiencies which were subsequently cleared up by the end of November 1951.

Joint Signals Operating Centre:—

Site work started in the Summer of 1950, with an estimated completion date set at July 30, 1951.

The Army accepted the building during the first week in August 1951 with minor deficiencies which were discharged by the 24th August 1951.

Commissary Stores:—

Site work began on May 10 1951, the estimated completion date being April 30, 1952. Throughout the Summer of 1951 work on this building progressed well and as the weather steadily worsened toward the end of October 1951 the building was about 75 per cent completed.

Unfortunately delay in the delivery of radiators held up the completion of the heating, and non-delivery of hardware caused further delay. As the radiators were received they were immediately fitted and the building was turned over to the Army on the 15th of January 1952, with three radiators and a Dumb Waiter still not delivered. It will be noted that this building, with the deficiencies noted, was completed three months ahead of time. The cleaning up of the items mentioned was completed by March 1952.

R.C.E. Workshops, Stores and Offices:—

The required completion date for this building was July 30, 1951.

By the end of June 1951 good progress had been made. Unfortunately, a change of design occurred at this time, due to revised Army requirements, which necessitated an almost complete standstill on the construction, pending the production of revised plans.

By the end of August 1951, however, work was under way again and a determined effort was made by the contractor to make up the time lost. To add to his difficulties delay was experienced in the delivery of finish flooring.

Moreover, the interior finish of the second floor, which it had originally been decided to defer for the time being, was now passed to the contractor for inclusion in current work.

With these handicaps in mind, therefore, the required completion date was set forward to November 15, 1951. With final decisions now made, work gathered momentum and the building was finally completed on November 12, 1951.

Water Treatment Plant:—

This plant is required to condition the water for the camp and the boilers and completion date was set at September 30, 1951. Work started on the site in the summer of 1950 and the whole of the groundwork, concrete, structural steel, and the shells of the buildings were completed during that year.

First deliveries of the special equipment were delayed until June 1951 although preparations for its receipt were made well in advance of actual delivery.

It should be mentioned at this stage, that the equipment was based upon a proposal of the Graver Water Conditioning Company, New York, to provide machinery and equipment capable of processing the water from Lake Isobelle, samples of which had been taken before the proposals were submitted by this Company.

The complete plant and equipment were not in place until November 1951, although the structural work had been completed long before this date. On November 28, 1951, an engineer from the Graver Company set the plant in operation. The results were far from satisfactory inasmuch as it was impossible to obtain the quality of water required. It appears that this may have been due to the chemical constituents of the raw water varying considerably throughout the year. Lake Isobelle freezes to a depth of from six to eight feet and the amount of water available during the winter months contains a far higher proportion of impurities than that prevailing during the summer.

Many efforts have been made to rectify this state of affairs, and throughout 1952 various adjustments have been tried with little success.

"The trouble arose from the presence of abnormal quantities of algae, which were not recognized in the normal water analyses originally made to determine what type of chemical treatment was necessary to reduce the hardness of the water and thereby protect the piping in the camp against rapid corrosion. The depth of the ice in late winter at Churchill reduces the volume of free water in the lake very considerably and thereby made the impurities more concentrated.

A series of tests under the direction of Mr. James Duncan of the Ontario Board of Health who was brought in as consultant have just been completed. These tests show that the addition of activated silica to the chemical treatment has given very good results. The previous difficulties of operation took two forms:

1. The formation of the scum or foam on top of the reactivator, which had to be removed manually by hosing;
2. This scum increased the turbidity of the treated water and caused an unstable filter bed, so that it was impossible to operate the plant at more than 50 per cent capacity, as the filter sludge bed would then lift and turbidities would go completely out of control.

The addition of activated silica appears to correct this, so that the scum has disappeared and the plant has been tested at full capacity for a period of time. The only limitation on the length of the test was the low volume of water in the lake. As it was not desirable to return the surplus water to the

lake during the test, it was not feasible to extend the test any longer than necessary to demonstrate the proper working of the plant. The Camp water consumption at present is averaging about 200 g.p.m. The plant was designed for 400 U.S. g.p.m. in order to allow for future expansion.

148 Permanent Married Quarters:—

Site work commenced on the first of these quarters on the 20th April 1951. The required completion date was set at September 15th 1952.

At the 31st December 1951 the overall completion of this project stood at 55 per cent. At this date 20 units had been handed over to the Army and were already occupied. For the first few weeks of January 1952 the progress was retarded somewhat, partly due to the weather, and partly to the Christmas recess. Concentration was made upon the interior of the remaining units.

From this time a fairly consistent handover to the Army was maintained. At the end of May 1952 one hundred units were being occupied, with the overall completion of the work being estimated at 88 percent.

With the advent of better weather the contractor was enabled to proceed with the remainder of the outstanding items of external work and by September 6th, the whole of the 148 units had been taken over by the Army, almost exactly one week before schedule.

10 Classroom School:—

Construction of the school started on the 10th May 1951 and the completion date was set at April 15th 1952. The whole of the excavation was completed by the end of June 1951. A badly fissured rock-site, however, involved difficulty in reaching a suitable bottom for concrete pouring.

In November the building was completely closed in and the masonry to the stairwells and fire walls were well in hand. The mechanical and electrical trades were well advanced and the placing of the precast light-weight slabs specified for the floors and roofs had started. All the sewer, water and power connections were completed. At the year's end the building was approximately 75 per cent complete.

Early in 1952, a revision occurred when it was decided to instal a suspended acoustic ceiling which, in turn, involved some alterations in the electrical installation and air-conditioning ductwork.

In May, 1952, although the building was virtually completed, the light-weight slabs showed signs of deflection. Through May and June a series of load tests were performed on these slabs, at which representatives of the Foundation Company, the Manufacturer of the slabs, and Defence Construction Limited were present. In view of unsatisfactory results arising from these tests, it was decided to strengthen the roof section which, when the building is extended, will ultimately become a floor. This strengthening was carried out at no cost to the Department of National Defence, by additional steel members and reinforcement of slab topping. Moreover, a five-year guarantee has been given by the contractor and manufacturer jointly of indemnifying the Department against the cost of any repairs incurred due to the deflection of these slabs.

While the foregoing repairs were being carried out, the Army had already occupied the Ground Floor (31st August 1952) and the remaining repairs were completed by the end of October 1952.

Extension to Central Heating Plant:—

The scope of this work can be broadly described as an extension providing for the installation of five additional boilers. Included in this contract were two additional boilers of 300 H.P. capacity, subsequently increased to 500 H.P. capacity. There is at present a total of seven 500 H.P. units installed,

with space for an additional three at some future time. In conformity with the existing building, the extension is constructed of structural steel framework, with exterior sheeting in "Q" panels. A minor amendment which occurs in Change Order 2 dated the 21st September 1951 provides for re-roofing the existing section of the Central Heating Plant. Work on the site commenced on the 23rd April 1951 at a period of extremely unsettled weather. The required completion date for this project was set at January 15th 1952. Work progressed favourably during the summer and fall of 1951.

Unfortunately on October 11 1951 an oil tank exploded. This explosion occurred while the plumbing contractors, Messrs. Cotter Brothers, were blowing out the 5,000 gallon tank with steam. The outlet valve became clogged and the high pressure eventually blew off the end of the tank. This broke all the glass and damaged the "Q" panels. Naturally, considerable delay was caused. It should be stated that, at the time of the explosion, the project was estimated to be 70 per cent complete. In the meantime, installation of the boilers was going ahead and by the end of November 1951 the two boilers and their auxiliaries were complete.

In mid-December an engineer from the boiler manufacturers, the Amesteam Generator Company, arrived in Churchill, to check the entire installation and also to be on hand when they were fully steaming.

The delay in the delivery of the "Q" panels held back completion of this work, but by the end of January 1952, although the new panels had not arrived the Army took over and operated the boilers.

The "Q" panels were fixed immediately they arrived in March 1952. The only deficiency then remaining on the project was exhaust stack flashings which did not arrive until December 8, 1952. These were fixed immediately and the job finally closed off. The repairs were included as items of cost of the work, as there was no suggestion of negligence on the part of the contractor.

Extension to Defence Research Board Northern Laboratory:—

Work on the site was started on the 16th August 1951.

The estimated completion date was the 30th October 1952. Except for the stockpiling of material on the site, this project closed down from November 1951 until the Spring of 1952. By the end of May 1952, it was possible to re-commence work. At this time, the revised design outlined in Change Order 3 caused a temporary delay in the progress of this project, but by the middle of August 1952 work was well under way.

Due to design changes, the completion date was revised to November 30, 1952. Additional delay was caused by an electricians' strike which affected most parts of Manitoba. By the end of October work was proceeding normally again and the building was completed and taken over with minor deficiencies on December 3, 1952. These deficiencies will be cleared up in the Spring of this year.

Rawinsonde Tower:—

Work on this project, which included a Hydrogen Generator, started on the 20th September 1951. Estimated completion date was 28th August 1952. This project closed down from November 1951 until the Spring of 1952, apart from work from time to time unloading cars of material on arrival at site.

In May 1952 work re-commenced with rough carpentry, insulation and millwork. Work proceeded fairly well to the end of August, when the project was approximately 75 per cent complete, although at this time the duct work

for the heating installation had not arrived. This held up the completion of the job for approximately three weeks, but completion was effected by the middle of October 1952 and was taken over by the Army on November 25, 1952.

VHF/DF Building:—

Site work commenced in May 1952, with a completion set for 15th August 1952. At the end of June the concrete foundations were in and the masonry was well under way. Again, the electricians' strike caused a holdup on this job. At the end of September 1952, all trades were complete, except the electrical. The building was finally completed by the 30th October 1952.

Four Permanent Married Quarters for the Department of Transport:—

Work on these housing units was started in early September 1951, with a completion date estimated at 30th March 1952.

By the end of October 1951 all the excavation and foundation work was completed and the building framed and sheeted. By the end of December 1951, the overall project was approximately 55 per cent complete and from that time the contractor made a strenuous effort to complete this building within the scheduled time. In actual fact, he finished it, apart from the exterior painting, by the middle of February 1952. The exterior painting carried out in late May 1952.

Extension to Diesel Power Plant:—

This work started on the 15th May 1952. Estimated completion date 15th September 1952.

Bad weather for exterior work delayed excavation somewhat, but by the end of June this work was almost completed, together with the housing over the Cooling Pond. A strenuous effort was made by the contractor to realize his completion date. This project was finally turned over to the Army on September 25 1952.

COTTER BROTHERS LIMITED

This firm, who are plumbing and heating contractors, were engaged first in 1949 to carry out installations and alterations in existing Army buildings on a cost-plus fixed fee basis. Since then, their work has been extended to include certain new works. This firm have also acted as sub-contractors to the Foundation Company. On two occasions, they have carried out design work for which a fixed fee has been paid.

Plumbing, Heating and Ventilating in Various Existing Buildings—

No unforeseen difficulties arose on this contract, apart from the acknowledged handicap of carrying out work in occupied buildings. Only certain sections could be done at a time and, in consequence, only a limited labour force, sufficient for any current operation has been engaged on the contract. All the work, with the exception of that to the Hospital Compound, was completed by the end of 1951. The remaining work to the hospital section has been progressing throughout 1952 and at present is almost completed, only a few minor works remaining to be done.

KUMMEN—SHIPMAN LIMITED

This contractor specializes in electrical installations and was first engaged in 1949 to carry out extensive electrical work in a number of existing buildings. This cost-plus fixed fee contract was also extended to cover additional work.

This work proceeded fairly well, bearing in mind that its operation was scattered over a wide area of the camp, that it involved working in occupied buildings, and only a limited number of men could be engaged on the work at one time.

The original contract provided for work to electrical installations and wiring to 18 buildings.

By the end of 1951 most of the installations were completed with the exception of the Hospital Compound, and Oil Storage Building. Work on the hospital proceeded throughout 1952 and by the end of June the secondary distribution was almost completed and work had started on the primary distribution.

By the end of the year only about a quarter of the work to the hospital compound remained to be done. No work has been carried out on the fire alarm system. It is hoped to start this early in the Spring this year.

Harris Construction Limited

This firm has only been responsible for one contract at Churchill and this was awarded on the basis of a firm bid.

Erection of Pre-fabricated Transmitter Buildings and formation of road at Mile 466.95—Hudson's Bay Railway

The original contract, amounting to \$69,009.00 was subsequently increased by Change Orders amounting to \$54,309.17. I should explain that, at the time this contract was let it was envisaged that the Army would carry out certain items of the work. It was subsequently decided to have the Contractor do this work which involved the supply of mechanical equipment and certain material. The dollar value of these items amounts to \$11,378.00. A further \$5,463.35 is accounted for by freight cost of the Prefabricated Buildings which could not be pre-determined. Alterations were found to be necessary to the building which necessitated raising the roof by two feet, strengthening the Transmitter Room floor, fireproofing the laboratory, generator room and garage, and certain external works involving a septic tank and drainage which amounted to \$29,362.00. The contractor's office bunkhouse, and equipment were acquired at the close of the job, moved to locations along the road to the rail spur, insulated and connected by an eight mile telephone line to the transmitter building at a cost of \$4,850.00.

Construction of these buildings started toward the end of July, 1951, and the contractor, Harris Construction Limited, made earnest efforts to get the job completed rapidly. The remoteness of the site, made it extremely difficult for the contractor to fulfill his obligations without suffering delay.

The site is nine miles from the railway spur at Mile 466.95 Hudson's Bay Railway. Prior to this contract an old road or track existed and part of the work involved provided for the gravelling of this road, together with the installation of culverts and wooden bridges or carry-overs.

The erection of the buildings themselves was carried out fairly rapidly, considering that there were a number of deficiencies in the consignment of parts. In addition, it was necessary for the contractor to make certain alterations to doors, porches, etc., which were unsatisfactory. Greater insulation than had been provided was also necessary.

By September, 1951, the road was completed and the buildings erected and painted and certain design alterations had been incorporated, mainly to the Generator Room and Fuel Bin, which had additional concrete and steel-work. Many minor alterations had also been incorporated in the finished buildings.

Although built according to specifications, the roof was found to be too low for some of the equipment and the contractor was instructed to raise it to the new level. This was carried out and the building completed on the 5th October, 1951.

MANITOBA BRIDGE AND ENGINEERING WORKS LIMITED

Supply and Erection of one 6,000 barrel above-ground vertical steel tank for RCAF.

Tenders called to close Jan. 8th, 1953—Four bids were received.

An acceptance of Tender was issued to the second low bidder who was high by \$92.00, the Manitoba Bridge and Engineering Works Ltd., in the amount of \$19,782.00. Great store is set by the delivery date of this tank and this factor influenced the decision to award to the second bidder, who quoted a delivery time of 130 days against the low bidder's 9 - 10 months.

Work will commence on the site during the coming construction season, as soon as the tank is delivered.

CANADIAN FAIRBANKS-MORSE LIMITED

Supervision of Installation and Overhaul of Plant

The Company was engaged on the 18th July 1952 in a supervisory capacity. A resident Engineer from the Company is on the site supervising the overhaul of all the diesel generators and the installation of one additional generator which is being supplied by the Army.

The amount of this contract is \$18,000 and no Change Orders have been issued.

The work outlined is proceeding at the moment.

CANADIAN NATIONAL RAILWAYS LIMITED

On July 31st, 1951, the CNR were issued with an Acceptance of Tender in the amount of \$10,252.14 for the extension of the rail siding at Mile 467.09—the siding nearest to the site of the Prefabricated Transmitter Building. The account for this work, which was fully detailed, amounted to the figure stated—\$10,252.14.

WESTERN ASBESTOS LIMITED

This Company was engaged in 1949 for the purpose of laying asphalt tile in various existing Army Buildings. Payment for this work has been on a measured basis—i.e., a fixed price per square yard. Measurement of finished work have been checked on site by the Army and progress payments made in this way. The whole of the work is now completed and the contract details were as follows:—

Date of Award—23rd November 1949.

Tentative Total Figure	\$101,361.00
Final Payment	92,861.00

Under-expenditure	\$ 8,500.00
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TOWER COMPANY LIMITED

This Company was the manufacturer of the Prefabricated Transmitter Building already dealt with in this narrative.

Date of Award—31st March 1951—by Defence Construction Limited.

Firm Price—\$80,000.00—(\$1,200 was recovered for deficiencies in delivery, reducing the total amount to \$78,800.

SURVEY AND CONSULTANT SERVICES

Professor A. G. Larson and Party—from the University of Manitoba, were engaged, at the request of the Army, to carry out general survey works. The date of the award was May 12th, 1951, and the fixed fee of \$5,500.00 was paid in full.

J. H. Duncan, Esq., Ontario Department of Health—was engaged in a professional capacity for the investigation of the water supply on 12 August 1952. His services were made available by the Ontario Department of Health to investigate the unsatisfactory quality of water being supplied from the new water treatment plant.

(Tabled on April 14, 1953.)

TABLE C: Fort Churchill

SUMMARY OF DEFENCE CONSTRUCTION AT FORT CHURCHILL

	Authorized expenditure \$	Audited cost \$
1. Construction works completed at Churchill prior to Nov. 22, 1950.....	9,639,406	9,492,308
2. Contracts or extensions to contracts, existing at Nov. 22, 1950, under D.C.L. Administration		
(a) Foundation Company of Canada:		
Contract C.....	1,499,616	1,024,883
Contract E.....	5,650,125	4,760,707
(b) Cotter Bros. Ltd.....	598,647	587,065
(c) Partridge-Halliday Ltd.....	519,278	519,239
(d) Kummén-Shipman Ltd.....	709,883	502,932
(e) Western Asbestos Ltd.....	101,361	92,861
Sub-Total.....	9,078,910	7,487,687
3. New contracts placed by Defence Construction (1951) Ltd.		
(a) Foundation Company of Canada Ltd.....	765,561	642,627
(b) Tower Construction Ltd.....	80,000	78,800
(c) Harris Construction Ltd.....	123,318	123,318
(d) Canadian National Railways Ltd.....	10,252	10,252
(e) Canadian Fairbanks-Morse Ltd.....	18,000	18,000
(f) Manitoba Bridge and Engineering Works.....	19,782	19,782
(g) Consultants' Services.....	76,575	76,575
Sub-Total.....	1,093,488	969,354
Total authorizations and costs—contracts administered by D.C.L.	10,172,398	8,457,041

Prior to the time Defence Construction (1951) Limited was formed in November 1950 Construction Work valued at \$9,492,308.00 had been carried out at Fort Churchill. A summary, by contractors, is set out below.

Contractor	Type of contract	Description	Approved estimates	Final cost
1. Foundation Co. of Canada.	Cost plus fixed fee. Including design and supervision B to I inclusive.	9 contracts for the construction of: (A) Classified. (B) Classified. (C) Army warehouse. (D) Hangar and M.E. Section..... (E) 56 army married QTRS. (F) Rhombic Antenna Ray. (G) Radio range control. (H) D.F. Station. (I) Repairs to U.S. army work- shop.	9,217,146	9,132,145
2. Partridge- Halliday Ltd.	Cost plus fixed fee	2 contracts for: (a) Installation of heating equip- ment..... (b) Installation of gas tanks.	130,000	129,905
3. Imperial Oil Co. Ltd.	Firm price.....	1 contract for installation of oil tank farm.....	50,754	50,754

Contractor	Type of contract	Description	Approved estimates	Final cost
4. Canadian Fairbanks Morse Ltd.	Firm price.....	1 contract for overhaul and installation of diesel units.....	35,736	35,736
5. Canadian National Railways.	Firm price unit prices paid on actual quantities.....	Railway spur to camp.....	160,770	98,768
6. Consultant	Fixed fee.....	Supervision of classified project.....	45,000	45,000
		Total of completed work at Nov. 22, 1950.....	9,639,406	9,492,308

At the time D.C.L. took over the Defence Construction Program at Churchill, certain works had already been arranged for by means of amendments to existing contracts. Apart from taking over this new construction, Defence Construction Limited have also expanded the work by means of change order.

Foundation Company of Canada Ltd.

Contract C (Army warehouse)			Approved Expenditure	Final cost	Completed
C.C.C. Amendment 1	July 21, 1950...	Provided for new construction:— (Including design and supervision). Dual chapel and utilidors..... Joint signals operation centre..... Commissary store..... Engineers' shops, stores and office..... Water treatment plant.....		156,884 127,304 146,556 228,623 365,516	Oct. 1951 Aug. 1951 Jan. 1952 Nov. 1951 Dec. 1951
D.C.L. Change order 2	July 12, 1951...	Provided for the balance of the construction cost of the above.....	343,772		
D.C.L. Change order 3	Oct. 12, 1951...	Additional work to engineers' shop and completion of internal layout on 2nd floor, shown as "future work" on plans.....	10,000		
D.C.L. Change order 4	Oct. 31, 1951....	Provision of ventilating system in engineers' shop and installation of 3" water main..... Total authorization and final cost.....	6,000 1,499,616		
				1,024,883	Includes Design and Supervision

Contract E (56 permanent married quarters)			Approved expenditure	Audited costs to Dec. 31, 1952	Completed
			\$	\$	
D.C.L. Change order 1	Dec. 13, 1950...	Provided for the following additional construction:— (Including design and supervision) 10 classroom school 148 permanent married quarters..... 2 additional heating boilers.	5,151,825	583,839 3,617,641	Oct. 1952 Sept. 1952
D.C.L. Change order 2	Sept. 21, 1951...	Providing for re-roofing existing central heating plant....	3,300	—460,227	Dec. 1952
D.C.L. change order 3	Dec. 4, 1951....	Substitution of 2,500 H.P. boilers for 2,300 H.P. Do. and an extension to the existing central heating plant....	495,000		
		Total authorization and cost.	5,650,125	4,760,707	Includes design and supervision
Contract awarded Aug. 20, 1951 by Defence Construction (1951) Ltd.			Authorized expenditure	Audited inclusive costs to Dec. 31, 1952	Completed
			\$	\$	
		A Construction of extension to defence research board northern laboratory (Including design and supervision).....	442,325	421,729	Dec. 1952
		B Construction of rawinsonde tower and hydrogen generating plant.....	45,000	56,292	Nov. 1952
Change order 1	Oct. 12, 1951...	Provides for the construction of:— 4 P.M.Q. for Dept. of Transport..... Extension of diesel power plant and shelter to cooling pond clearing site and excavation for laundry building.	200,000	104,046 57,895	May 1952 Sept. 1952
Change order 2	Oct. 12, 1951...	Provides for the construction of a VHF/DF building for the R.C.A.F.....	10,000	12,665	Oct. 1952
Change order 3	Feb. 12, 1952...	Additional cost of installation of stores, garage facilities, and cold room to D.R.B. laboratory.....	85,000		
Change order 4	April 9, 1952...	Additional cost of VHF/DF building.....	7,000		
Change order 5	May 8, 1952....	Deletion of work outlined in C.O.I. to laundry bldg....	Cr. 25,000		

			Authorized expenditure	Audited inclusive costs to Dec. 31, 1952	Completed
Change order 6	Oct. 31, 1952...	Electrical services to Rawinsonde tower (materials supplied by Army).....	\$ 1,236	\$	
Change order 7	Nov. 12, 1952..	Clarifying wording of change order 6 (no money involved)			
		Total authorizations and audited costs to Dec. 31, 1952..	765,561	642,627	Includes design and supervision

Three other contractors were already engaged at Churchill on a cost plus fixed fee basis, when Defence Construction (1951) Ltd. was formed. In these cases, also, extensions to the work were arranged by means of Change Order.

Contractor	Type of contract	Description	Approved estimate	Audited cost to Dec. 31 1952	
Cotter Bros. Ltd.	Cost plus fixed fee.	Plumbing and heating installations in 16 army buildings—Contract originally awarded by Canadian Commercial Corporation—Sept. 1, 1949.....	\$ 423,830	\$	
	D.C.L. Change order 1, 16th April, 1951.	Additional work due to plans and specifications not completed when contract awarded.....	49,800		
	D.C.L. Change order 2, 4th Dec., 1951.	Installation of plumbing and heating to Officers Mess, one additional Officers' Quarters and Hospital Compound.....	121,617		
	Nov. 7, 1951.....	DESIGN FEES:— Installation to Hospital Compound.....	1,700		
	Jan. 8, 1951.....	Installation to joint testing team building.....	1,700		
		Total authorization and audited costs.....	598,647	587,065	Not completed at Dec. 31, 1952

Partridge-Halliday Ltd.

Plumbing and heating in army buildings			Approved expenditure	Audited final cost	
D.C.L. Change Order 5	Dec. 12, 1950.....	Contract value at Nov. 22, 1950 (Cost plus fixed fee)...	\$ 473,577	\$	
		Sundry plumbing items in various service buildings...	45,701		
		Total authorization and final audited cost.....	519,278	519,239	Completed March, 1951

Contractor	Type of contract	Description	Approved estimates	Audited cost to Dec. 31 1952	
Kummen-Shipman Ltd.	Cost plus fixed fee.	Electrical installations in 18 Army Buildings—Contract awarded by the Canadian Commercial Corporation—Sept. 1st, 1949.....	\$ 533,750	\$	
	D.C.L. Change Order 1, Nov. 5, 1951.	Deleting work to three buildings.....			
	D.C.L. Change Order 2, Jan. 3, 1952.	Primary and secondary distribution and interior wiring to hospital compound.....	56,133		
	D.C.L. Change Order 3, Aug. 7, 1952.	Installation of fire alarm system.....	118,500		
	Oct. 13, 1951.....	Design fee—Installation in hospital compound.....	1,500		
		Total authorization and audited cost.....	709,883	502,932	Not completed at Dec. 31, 1952

One contractor was already engaged at Churchill on a unit price basis, when DCL assumed responsibility for the construction.

Western Asbestos	Firm Unit Price — Paid on actual quantities.	Laying of asphalt tile in various army buildings.....	101,361	92,861	Completed Dec., 1951
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The remaining contracts for construction at Fort Churchill have all been awarded by Defence Construction (1951) Limited.

Contractor	Type of contract	Description	Amount	Final cost	Completed
Tower Construction Ltd.	Firm Price.....	Supply of prefabricated transmitter building (awarded March 1951).....	\$ 80,000	\$ 78,800	May, 1951
Harris Construction Co.	Firm Price.....	Erection of pre-fabricated transmitter building and grading and resurfacing road at mile 466.95—Hudson's Bay Railway (awarded July 1951).....	69,009		
	Change order 1, Aug. 7, 1951.	Freight on building—Lachute, P.Q. to site. Provision of engineers office....	5,999		
	Change order 2, Sept. 7, 1951.	Cost of equipment and material originally intended to be supplied by the Army ..	9,881		
	Change order 3, Oct. 9, 1951.	Cost of raising roof by two feet and fireproofing sections of building.....	14,128		
	Change order 4, Oct. 9, 1951.	Replacing faulty materials in building. Additional concrete and steel in generator room. Stockpiling gravel for roadway.....	8,939		

Contractor	Type of contract	Description	Amount	Final cost	Completed
Harris Construction Co. (cont.)	Change order 5, Jan. 8, 1952.	Unloading 18 cars of gravel (intended to be done by Army) carrying out design alterations to buildings and installations. Purchase and insulation of contractors site buildings.....	\$ 13,840	\$	
	Change order 6, Jan. 28, 1952.	Cost of materials and labour due to deficiency in building components.....	769		
	Change order 7, Jan. 28, 1952.	To provide insurance cover to the building up to February 17, 1952.....	753		
		Total authorization and final cost.....	123,318	123,318	Completed Oct. 1951
Canadian National Railways.	Negotiated.....	Extension of rail siding at mile 467-09 H.B.R. (awarded July 1951).....	10,252	10,252	Completed Oct. 1951
Canadian Fairbanks-Morse.	Firm price.....	Direction of overhaul and installation of diesel generating units (awarded July 1952).....	18,000	18,000	Not Completed
Manitoba Bridge and Engineering Works.	Firm price.....	Supply and erection of 6,000 barrel tank (contract awarded Jan., 1953).....	19,782	19,782	Not Completed

Consultants' Services

Consultants	Description	Fixed Fee
Prof. A. G. Larsen.....	General Survey for the Army.....	\$ 5,500
J. H. Duncan.....	Investigation of Water Supply.....	750
Lee and Brooks.....	Engineering Services—Water Supply for Fire Protection.....	1,500
Foundation Co. of Canada.....	Design—Physical Training Building.....	4,375
	Design—Laundry Building.....	25,000
	Design—Extension to RCME Workshop.....	15,000
	Investigation and Design of enlarged Water Supply.....	8,250
	Survey of Entire Water Storage System.....	16,200
	Total of Consultant Services since November 22, 1950.....	76,575

APPENDIX No. 65

Question by Mr. Fulton Asked on April 9, 1953

1. What firm or firms carried out the construction of the wartime station at Goose Bay?
2. What was the value of each contract?

Answer—

1. McNamara Construction Co. Ltd.
2. \$21,193,050.10.

(Tabled on April 14, 1953 by DND)

APPENDIX No. 66

DEPARTMENT OF NATIONAL DEFENCE

LAND AND BUILDINGS PURCHASED FROM 1 FEBRUARY 52 TO 28 FEBRUARY 53

Answer to Mr. Fleming.

This report supplements the reports previously tabled covering the periods 1st April 1950 to 31st October 1951 and 1st November 1951 to 31st January 1952:

(a) Items reported as acquired prior to 1 February, 1952, are properties which were acquired but not settled for prior to that date or are properties which were acquired on behalf of the Department of National Defence by other government agencies and were not reported previously to the Department of National Defence.

(b) *Date of purchase* is the date of acquisition of title, either by transfer of Deed or registration of Expropriation.

Where properties have been acquired for the Department of National Defence by other Government Departments, the information set out on this report is as supplied by the other Departments.

Location	Service	Purchase or settlement price	From whom purchased	Date of purchase	Purpose for which acquired
Newfoundland— Bay Bulls.....	Navy	Not settled	East Coast Fisheries Ltd.....	17 Oct. 52	Site for Boom Defence Base
Nova Scotia— Antigonish.....	Army	18,200.00	Canadian Legion.....	29 Feb 52	Reserve Force Accommodation
Dartmouth.....	"	10,800.00	J. P. Porter Co. Ltd.....	10 Oct 52	Expansion of Naval Armament Depot
Debert.....	"	10,000.00	R. Ian MacDonald Co.....	9 Dec 52	Storage Accommodation
Glace Bay.....	"	3,500.00	Dominion Coal Co. Ltd.....	13 Dec 51	Armoury Site
Greenwood.....	Air	1,200.00	H. M. Crooks.....	13 Dec 51	Married Quarters site
"	"	7,700.00	G. Griffin.....	17 Jul 52	Runway Extension
"	"	5,000.00	Jahne Investments Ltd.....	17 Jul 52	"
"	"	1,412.50	F. A. Neily.....	17 Jul 52	"
"	"	1,477.50	Mrs. Neily Newell.....	17 Jul 52	"
"	"	Not settled	Newell, Pierce, Spinney <i>et al.</i>	17 Jul 52	"
"	"	6,000.00	J. T. Richardson.....	13 Dec 51	Married Quarters site
"	"	130.00	C. F. Banks.....	13 Dec 51	Married Quarters site
"	"	75.00	H. T. Wilson.....	13 Dec 51	Married Quarters site
"	"	Not settled	Owner unknown.....	13 Dec 51	"
"	"	"	"	17 Jul 52	Station Development
"	"	200.00	W. W. Banks.....	26 Jul 51	Radio Beacon

Halifax.....	1,000.00	Eastern Trust Co.....	21 May 52	Roadway, Garrison Barracks
".....	55,000.00	W. P. Lynch.....	17 Nov 52	Reserve Force Accommodation
".....	9,000.00	City of Halifax.....	7 Jan 52	Vehicle Compound
Wallace Hill.....	Not settled	Owner unknown.....	18 Jun 52	Radio Site
New Brunswick—				
Chatham.....	65.00	J. & R. A'Hearn.....	23 Oct 50	Runway Extension
".....	2,400.00	J. Flannigan.....	2 Sep 52	Radio Site
".....	1,790.00	A. Hackett.....	"	"
".....	50.00	Province of N. B.....	23 Apr 51	Railway Siding Site
".....	200.00	Town of Chatham.....	16 Apr 50	Runway Extension
".....	100.00	M. & R. Hannah.....	23 Oct 50	"
".....	Not settled	Owner Unknown.....	"	"
".....	225.00	D. Lloyd.....	8 May 52	Radio Site
".....	35.00	E. Holland.....	2 Sep 52	"
".....	Not settled	Lena McLean.....	5 Jan 51	Married Quarters
Fredericton.....	3,080.00	City of Fredericton.....	30 Apr 52	Station Development
".....	1,800.00	G. W. Kitchen.....	10 Apr 52	Radio Site
Chatham.....	10,000.00	G. W. R. Armstrong.....	1 Aug 52	Training Area
".....	1,900.00	John J. Armstrong.....	"	"
".....	3,000.00	Clara M. Barker.....	"	"
".....	9,300.00	David E. Elder.....	"	"
".....	7,000.00	Samuel Hayward.....	"	"
".....	5,000.00	John J. Henderson.....	"	"
".....	5,800.00	Frank Hitchman.....	"	"
".....	1,450.00	Roy J. Hoben.....	"	"
".....	4,550.00	Harold G. Kimball.....	"	"
".....	2,100.00	August S. Loftstrom.....	"	"
".....	4,100.00	Bruce L. MacDonald.....	"	"
".....	3,300.00	Alexander B. Mallory.....	"	"
".....	4,900.00	Curtis W. Mallory.....	"	"
".....	2,900.00	Helen Mallory.....	"	"
".....	4,800.00	James H. Mallory.....	"	"
".....	600.00	Hugh A. Mallory.....	"	"
".....	5,700.00	Hugh A. Mallory.....	"	"
Gagetown.....	2,500.00	Albert McCutcheon.....	"	"
".....	850.00	Walter McCutcheon.....	"	"
".....	4,900.00	F. F. McElroy.....	"	"
".....	835.00	Evelyn Mersereau.....	"	"
".....	150.00	Gordon M. Mersereau.....	"	"
".....	1,865.00	Mary Mersereau.....	"	"
".....	1,500.00	Allen R. Mitchell.....	"	"
".....	6,000.00	Frances Morris.....	"	"
".....	10,300.00	Earl S. Murphy.....	"	"
".....	2,200.00	Jesse Parent.....	"	"
".....	4,600.00	William Simpson.....	"	"
".....	6,150.00	Frederick Whipple.....	"	"

Location	Service	Purchase or settlement price	From whom purchased	Date of purchase	Purpose for which acquired
Newcastle	Army	220.00	Jos. Gallant	4 Sep 52	Additional land for Rifle Range
"	"	200.00	Chas. & W. Howe	17 Jan 53	"
"	"	212.50	Eric Johnson	28 Oct 52	"
"	"	85.00	William Sullivan	6 Feb 53	"
"	"	8,400.00	Chas. W. & J. McCallum	27 Jun 52	Armoury Site
Quebec—					
Drummondville	"	11,500.00	Canadian Celanese Ltd.	8 Feb 52	"
Lac St. Joseph	Air	13,000.00	C. Raymond	23 Feb 51	Radio Site
"	"	Not settled	Owner Unknown	7 Apr 52	"
Montreal	"	Not settled	Laing Estate	26 Mar 52	Accommodation for RCAF Reserve
Quebec City	Army	35,000.00	Les Soeurs de la Charite	10 Jul 52	Armoury Site
"	"	3,000.00	Mrs. M. Gagnon	10 Jul 52	"
"	"	8,500.00	Mrs. Gauthier-Bergeron	10 Jul 52	"
St. Hubert	Air	Not settled	Owner Unknown	13 Aug 52	Flightway clearance and Approach Lighting
"	"	Not settled	V. Girard	2 Feb 52	Radio Site
"	"	Not settled	D. Lafrenaye	29 Mar 52	"
"	"	Not settled	E. Laroche	15 Apr 52	"
St. Hubert	"	Not settled	H. Longtin	21 Apr 52	Radio Site
"	"	"	R. Lucier	15 Apr 52	"
"	"	"	L. Martin	15 Apr 52	"
"	"	"	H. Mathieu	29 Mar 52	"
"	"	"	Henri Paille	15 Apr 52	"
"	"	"	L. M. Thuot	21 Apr 52	Runway Extension
"	"	"	Hubert Paille	13 Aug 51	Radio Site
"	"	"	V. Patenaude	15 Apr 52	"
"	"	"	"	21 Apr 52	"
"	"	"	C. Perrier	15 Apr 52	"
"	"	"	R. Philie	15 Apr 52	"
"	"	"	S. Pinsonneault	21 Apr 52	"
"	"	"	R. Roberts	15 Apr 52	"
"	"	"	W. Soucy	15 Apr 52	"
"	"	"	"	21 Apr 52	"
"	"	"	Owner Unknown	13 Dec 51	Flightway Clearance
St. Malo	Army	26,000.00	E. Tremblay	13 Aug 51	Runway Extension
Saguenay	Air	N/A	City of Quebec	4 Mar 52	Armoury Site
"	"	Not settled	Owner Unknown	6 Mar 52	Runway Extension
Senneterre	"	"	"	14 Nov 52	Well Site

Three Rivers.....	Air	285,000.00	Secours Marie Reparatrice.....	6 Jun 52	Accommodation for RCAF Reserve
Valcartier.....	Army	N/A	Quebec Power Company.....	9 Oct 52	Expansion of Camp Site
Westmount.....	"	27,000.00	Estate Wm. B. Clarke.....	23 Jul 52	Permanent Married Quarters
Ontario—					
Almonte.....	"	1.00	St. Paul's Church.....	8 Sep 52	Garage Site
Aylmer.....	Air	Not settled	R. Shackleton.....	2 Feb 52	Married Quarters Site
Barriefield.....	Army	N/A	Province of Ontario.....	1 Nov 52	Training Area
"	"	10,500.00	James Pollock.....	"	"
Brantford.....	Army	15,500.00	R. M. Ross.....	29 May 52	Garage Building
Brockville.....	"	Not settled	Owner Unknown.....	1 Feb 52	Camp Expansion
Clinton.....	Air	Not settled	Owner Unknown.....	25 Sep 52	Railway Siding
"	"	10,655.00	J. Clegg.....	9 Aug 51	Additional Building
Cobourg.....	Army	8,000.00	T. H. Cook.....	7 Feb 52	Ordnance Depot Site
"	"	5,430.00	V. L. A. and M. Towns.....	17 Dec 51	"
Downsview.....	Air	92,800.00	F. Boake.....	24 Jul 50	Aerodrome Development
"	"	120.00	L. Bowers.....	24 Mar 51	"
"	"	Not settled	Winston Park Development.....	12 May 52	Aerodrome Development
"	"	(a) 1,400,000	DeHavilland Aircraft Co.....	24 Jul 50	Aerodrome Development
"	"	(b) 3,600,000		24 Mar 51	"
"	"	(c) Capital		19 May 52	"
"	"	Assistance		13 Jun 52	"
"	"	approx 96		"	"
"	"	acres of		"	"
"	"	Crown land		"	"
"	"	conveyed to		"	"
"	"	DeHavilland		"	"
"	"	Aircraft		"	"
"	"	128,830.00	G. A. Jackson.....	24 Jul 50	Aerodrome Development
"	"	Not settled	Owner Unknown.....	24 Mar 51	"
Mount Hope.....	"	Not settled	B. Armes.....	19 May 52	"
"	"	9,500.00	R. J. Armes.....	13 Jun 52	"
"	"	Not settled	W. E. Dorr.....	"	"
"	"	"	H. Smith.....	"	"
"	"	"	Owner Unknown.....	"	"
North Bay.....	"	8,220.00	M. Brunette.....	13 Feb 52	Runway Extension
"	"	240.00	B. Laundry.....	30 Apr 52	Runway Extension
"	"	60.00	Twp. of Widdfield.....	9 Oct 51	Runway Extension
Oakville.....	Army	65,000.00	G. T. Ives.....	9 May 52	Married Quarters Site
Orangeville.....	"	11,000.00	Trustees Westminster.....	30 Jan 52	Reserve Force Accommodation
"	"	"	United Church.....	"	"
Ottawa.....	"	115,000.00	Ottawa Public School Board.....	17 Apr 51	"
"	"	40,000.00	Estate Mary R. Wolff.....	2 May 52	Station Development

Location	Service	Purchase or settlement price	From whom purchased	Date of purchase	Purpose for which acquired
Ottawa (Uplands)	Air	7,500.00	R. Bertrand	7 Sep 50	Aerodrome Development
"	"	21,413.00	H. Davidson	"	"
"	"	7,500.00	G. Duncan	"	"
"	"	36,200.00	T. B. Graham	"	"
"	"	8,000.00	O. J. Lecuyer	"	"
"	"	25,000.00	J. E. Lee	"	"
"	"	23,281.60	P. I. Lyons	"	"
"	"	17,631.00	J. B. Potvin	"	"
"	"	1,156.00	J. B. Potvin	"	"
"	"	48,897.43	V. L. Potvin	"	"
"	"	25,000.00	J. Quinn	"	"
"	"	13,000.00	S. Smith	"	"
Pictou	Army	1,932.50	R. and Elsie Watt	30 Jun 52	Married Quarters Site
Pointe Petre	"	59,440.00	S. Ferrington <i>et al.</i>	9 Sep 52	Anti-Aircraft Range
Roeklife	Air	21,000.00	Alvin Enterprises	9 Dec 50	Flightway Clearance
Sault Ste Marie	Army	1.00	Denison Houses Ltd.	20 Dec 52	Armoury Site
"	"	285.00	City of Sault Ste Marie	9 May 52	Anti-Aircraft Range Site
Timmins	"	35,000.00	Province of Ontario	30 May 52	Reserve Force Accommodation
Trenton	Air	25.00	Timmins Curling Club	11 Dec 52	Air-to-ground Range
"	"	2,325.00	G. Grenier	11 Dec 52	"
"	"	50.00	W. C. Haggerty	19 Mar 52	"
"	"	460.50	N. K. Kent	11 Dec 52	"
"	"	Not settled	J. E. Loney	11 Dec 52	"
"	"	825.00	H. A. Rose and Mr. Duetta	"	"
Winchester	"	11,433.00	G. Whattam	23 Jun 51	"
Manitoba—			Municipality of Township of Mountain		
Churehill	Army	11,700.00	Province of Manitoba	7 Jun 52	Camp Site
Gimli	Air	Not settled	Mrs. E. Emerson	14 Jan 53	Runway Extension
"	"	1,200.00	S. J. Johnson	"	"
"	"	3,225.00	W. Dudar	20 Dec 51	"
"	"	12,168.00	W. Dudar	"	"
"	"	Not settled	S. J. Johnson	14 Jan 53	"
"	"	50.00	G. E. Narfason	"	"
"	"	16,099.00	Province of Manitoba	5 Feb 52	Air to Ground Range
"	"	1,250.00	M. Michaluk	7 Feb 52	Radio Site
"	"	Not settled	J. Yablonski	14 Jan 53	Runway Extension
"	"	6,000.00	J. J. Yablonski	15 Jan 53	"
"	"	Not settled	Owner Unknown	14 Jan 53	Flight Way Clearance
"	"	"	"	"	Approach Lighting Area

MacDonald.	Air	1,760.00	D. Diamond	26 Nov 51	Air to Ground Range
"	"	18,480.00	R. Faurachov	18 Oct 51	Runway Extension
"	"	890.00	S. A. and C. Hinds	28 May 52	Well Site
"	"	1,700.00	Sigurdur Johnson	21 Sep 51	Air to Ground Range
"	"	7,500.00	Sveinn Johnson	"	"
"	"	3,900.00	Sveinn Johnson (Jr.)	"	"
"	"	2,000.00	F. S. and G. Kamecki	16 May 52	"
"	"	644.00	Municipality of Lakeview	5 Oct 51	"
"	"	644.00	"	18 Jul 52	"
"	"	20,100.00	R. J. McMillan	18 Oct 51	Station Development
"	"	31,500.00	A. W. Metcalf	"	"
"	"	640.00	T. W. Reid	22 Sep 51	Air to Ground Range
"	"	1,000.00	T. Simpson	19 Oct 51	"
"	"	1,600.00	A. Singleton	5 Dec 51	"
"	"	2,500.00	A. Thomson	21 Sep 51	"
"	"	1,600.00	R. B. Thomson	21 Sep 51	"
"	"	12,485.00	E. Montagnon	9 Feb 52	Runway Extension
"	"	Not settled	Munic. of Portage la Prairie	12 Jan 53	Station Development
"	"	4,724.00	G. Rennie	4 Apr 52	Married Quarters Site
"	"	14,300.00	W. E. Sharp	17 Mar 52	Runway Extension
"	"	600.00	W. E. Sharp	18 Mar 52	"
"	"	165.00	E. Pauch	14 Dec 51	"
"	"	800.00	C. P. Smith	2 Apr 52	Air to Ground Range
"	"	275.00	J. E. Stanton	18 Mar 52	"
"	"	Not settled	Owner Unknown	30 Apr 51	Building Area
"	Army	275.00	Minnie Bell	19 Jul 50	Station Development
"	"	330.00	G. G. Bourgeois	"	"
"	"	1,000.00	D. Cameron Estate	"	"
"	"	1,800.00	J. F. Campbell	"	"
"	"	300.00	J. E. Caron	"	"
"	"	300.00	W. E. Comely	"	"
"	"	300.00	Florence Corbett	"	"
"	"	4,705.00	E. J. Gourd	"	"
"	"	450.00	L. H. Hall	"	"
"	"	300.00	Agnes D. Henderson	"	"
"	"	550.00	Jennie Jickling	"	"
"	"	300.00	M. E. J. Kelly	"	"
"	"	225.00	Estate of J. D. Leishman	"	"
"	"	380.00	Wm. McCullough	"	"
"	"	275.00	Ellen McKettrick	"	"
"	"	500.00	J. D. and J. A. Miller	"	"
"	Air	600.00	T. E. Northrup	10 Mar 52	Radio Site
"	Army	4,457.00	H. P. Rutherford	19 Jul 50	Station Development
"	Air	5,625.00	Rural Munic. of St. James	22 Jan 52	Married Quarters Site
"	"	50,000.00	St. John's College	23 Apr 52	"
"	"	4,674.00	R. L. Stevens	11 Jan 52	Reserve Force Accommodation
"	"	300.00	Annie Tett	22 Jan 52	Married Quarters Site
"	Army	3,000.00	G. VanHussen	19 Jul 50	Station Development
"	Air	550.00	Estate of E. M. Walker	10 Jan 52	Married Quarters site
"	Army	550.00	Lena Warren	19 Jul 50	Station Development
"	"	300.00	William Watson	"	"

Location	Service	Purchase or settlement price	From whom purchased	Date of purchase	Purpose for which acquired
Saskatchewan—					
Buttress	Air	Not settled	W. A. Reid	17 Jul 52	Relief Field
Dundurn	Army	12,000.00	N. Olorensham	22 Aug 52	Expansion of training area
"	"	1,920.00	P. Anweiler	4 Sep 52	"
"	"	10,000.00	P. Anweiler	Not avail.	"
"	"	1,000.00	Wm. Anweiler Jr.	29 Aug 52	"
"	"	1,500.00	R. C. Biddulph	16 Oct 52	"
"	"	8,700.00	E. D. Bindle	18 Aug 52	"
"	"	15,500.00	F. and L. Bindle	13 Aug 52	"
"	"	1,000.00	R. Bindle	27 Aug 52	"
"	"	3,762.00	R. Bindle	25 Aug 52	"
"	"	5,400.00	D. Boychak	26 Aug 52	"
"	"	1,000.00	Jos. Finn	7 Jan 53	"
"	"	4,000.00	J. Fischbacher	10 Sep 52	"
"	"	2,700.00	J. Fischbacher	Not Avail.	"
"	"	200.00	J. A. Goodwin	13 Jan 53	"
"	"	5,600.00	L. R. Goodwin	26 Aug 52	"
"	"	1,500.00	Alfred Hartz	25 Aug 52	"
"	"	2,500.00	L. F. Hartz	24 Sep 52	"
"	"	4,000.00	Haultain School Board	27 Oct 52	"
"	"	2,000.00	W. Heise	10 Sep 52	"
"	"	7,000.00	W. M. N. Heise	19 Sep 52	"
"	"	3,500.00	P. A. and A. C. Jones	2 Sep 52	"
"	"	2,644.00	A. R. Leonard	25 Aug 52	"
"	"	7,800.00	V. and V. Leroy	11 Dec 52	"
"	"	1,300.00	S. P. Marshall	27 Aug 52	"
"	"	2,900.00	Thos. W. Matthews	7 Oct 52	"
"	"	5,123.00	Russell J. McQuarrie	13 Aug 52	"
"	"	8,500.00	C. J. C. Merwart	30 Jun 52	"
"	"	2,700.00	M. H. Paetsch	20 Aug 52	"
"	"	4,500.00	J. S. Rhodes	22 Aug 52	"
"	"	7,000.00	A. Sawchuck	21 Aug 52	"
"	"	9,200.00	Andrew Shloma	14 Aug 52	"
"	"	1,000.00	Alex Sawchuck	21 Aug 52	"
"	"	1,000.00	A. W. Sawchuck	"	"
"	"	2,000.00	R. Tamke	"	"
"	"	5,000.00	J. Wolfe	3 Sep 52	"
"	"	1,000.00	A. Gowler	6 May 52	Armoury Site
"	"	23,575.00	Grayson Estate	22 Jan 53	Runway Extension
Grenfell	Air	16,533.00	W. Keay	12 Jul 51	Aerodrome Development
Moose Jaw	"	Not settled	J. E. Knowles	4 Sep 52	Runway Extension
"	"	800.00	J. G. Dobson	19 Sep 51	"
Regina	"				

Saskatoon.....	Air	6,880.00	J. Henigman.....	17 May 52	Runway Extension
".....	"	9,787.00	J. Henigman.....	27 Nov 52	Married Quarters site
".....	"	2,800.00	J. Vance.....	30 Apr 52	Runway Extension
Swift Current.....	Army	1.00	City of Swift Current.....	30 Jan 52	Armoury Site
Alberta—					
Calgary.....	Army	500.00	L. B. Crane.....	10 Nov 51	Married Quarters Site
".....	"	300.00	P. Hughli.....	"	"
".....	"	485.40	A. Jeffers.....	"	"
".....	"	300.00	F. B. McDonnell.....	"	"
Cold Lake.....	Air	230.00	R. T. Pomfret.....	10 Nov 51	Station Development
".....	"	23,000.00	R. K. and J. Bergo.....	19 Nov 52	"
".....	"	5,300.00	W. Chretien.....	22 Sep 52	"
".....	"	3,600.00	J. J. Cunningham.....	14 Nov 52	"
".....	"	8,500.00	E. Elwood.....	31 Mar 52	"
".....	"	4,000.00	P. E. Fex.....	15 Sep 52	"
".....	"	4,800.00	H. Hardin.....	20 Oct 52	"
".....	"	5,000.00	C. O. Nelson.....	15 Sep 52	"
".....	"	3,000.00	R. W. Nelson.....	18 Sep 52	"
".....	"	4,500.00	A. Poirier.....	15 Sep 52	"
".....	"	22,000.00	L. Poirier.....	6 Feb 53	"
".....	"	7,000.00	H. & A. Smith.....	11 Sep 52	"
".....	"	13,800.00	J. & W. Reed.....	22 Sep 52	"
Cranum.....	"	Not settled	C. Robinson.....	13 Jun 52	Relief Field
Edmonton.....	Air	16,000.00	A. D. Babruk.....	17 May 51	Additional Land for Armoury
".....	"	800.00	N. Kohocinski & Lydia Baur.....	5 Jan 53	Railway Spur Line
".....	"	2,850.00	James McQuade.....	17 Dec 52	"
".....	Army	10,000.00	P. G. Morris.....	19 Jan 53	Railway Spur Line
".....	"	2,543.00	F. R. Porter.....	17 May 51	Additional Land for Armoury
Fort Chipewyan.....	"	1,500.00	Lydia Schink.....	30 Dec 52	Railway Spur Line
Fort Smith.....	"	300.00	N. McKay.....	11 Jul 52	Married Quarters Site
Innisfail.....	"	100.00	G. R. Ryan.....	23 Oct 52	Easement for Power Line
".....	Air	Not settled	W. A. Allen.....	30 Sep 52	Relief Field
".....	"	"	V. A. Jensen.....	"	"
".....	"	"	O. H. Mace.....	5 May 52	Garage Site
".....	Army	1,000.00	S. Severtson.....	12 May 52	Armoury Site
Lethbridge.....	"	N/A	City of Lethbridge.....	5 Oct 51	Station Development
Namoo.....	Air	32,500.00	N. L. Chapman.....	13 Aug 52	Railway Siding
".....	"	Not settled	J. G. Harrold.....	"	"
".....	"	"	S. V. Harrold.....	11 Apr 50	Station Development
".....	"	16,000.00	F. Songhurst.....	15 Apr 50	"
".....	"	16,000.00	H. Gamble.....	21 Apr 50	"
".....	"	17,000.00	E. Hauser.....	22 Apr 50	"
".....	"	15,200.00	J. B. Gee.....	2 Mar 50	"
".....	"	35,575.15	M. Pearce.....	25 Apr 50	"
".....	"	16,000.00	J. Ferguson.....	20 Apr 50	"
".....	"	9,000.00	J. Thimer.....	3 May 50	"
".....	"	16,800.00	G. H. Rowsell.....	6 May 50	"
".....	"	35,000.00	J. Fallis.....	9 May 50	"
".....	"	12,000.00	R. Cavanagh.....	"	"

Location	Service	Purchase or settlement price	From whom purchased	Date of purchase	Purpose for which acquired
Namao	Air	29,440.00	R. B. MacDonald	9 May 50	Station Development
"	"	15,800.00	M. M. Bailey	11 May 50	"
"	"	16,500.00	A. A. Gibson	10 Jun 50	"
"	"	Not settled	C. & L. Hillgardner	2 Oct 50	"
"	"	"	R. J. Tyson	16 Aug 51	"
"	"	10,880.00	F. Malm	20 Nov 51	"
"	"	4,342.00	F. Rustemoler	7 Sep 50	Radio Site
"	"	24,000.00	C. J. Wall	29 Apr 50	"
"	"	Not settled	H. Lesyk	13 Aug 52	Railway Siding
"	"	"	Mrs. M. Leclair & Mrs. C. Carruthers	"	"
Olds	Army	1.00	Town of Olds	30 Aug 52	Armoury Site
Penhold	Air	50.00	E. Bethune	28 May 52	Sewage Disposal Site
"	"	3,000.00	T. Hives	20 Nov 51	Flightway Clearance
"	"	7,375.00	N. L. & W. Wells	13 Nov 52	"
Sarcee	Army	200,000.00	Dept. of Citizenship & Immigration	21 Mar 52	Training Area
British Columbia—					
Comox	Air	85.00	C. Smith	8 Nov 51	Runway Extension
"	"	1,650.00	E. T. Whelan	"	"
Esquimalt	Navy	18,900.00	Estate of Mrs. L. B. Farrant	8 Apr 52	Married Quarters Site
"	"	5,000.00	J. T. & B. A. Harper	21 May 52	Expansion of Dockyard & Naval Base
"	"	5,000.00	W. & E. I. Hein	5 Jun 52	"
"	"	5,500.00	E. M. & A. Jones	13 May 52	"
"	"	425.00	W. & L. H. King	13 May 52	"
"	"	3,500.00	F. Kiteley	"	"
"	"	400.00	C. F. Little	22 May 52	"
"	"	6,500.00	K. N. Neilson	21 May 52	"
"	"	6,825.00	R. C. Worth	22 May 52	"
Kamloops	"	670.00	Prov. of British Columbia	14 Aug 52	Expansion of Magazine facilities
"	"	Not settled	Thomas A. Bulman	21 Jan 53	"
"	"	"	Ethel P. Emmerich, Violet D. Gerow, Kamloops Agencies Ltd., Arthur Lavery, C. G. E. Lavery, S. Spearin.	21 Jan 53	"
"	"	"	W. T. H. Mitchell	21 Jan 53	"
Mittenacht Island	"	Not settled	John D. Manson & Jane R. Manson	31 Mar 52	Bombardment Range
Munroe Head	"	247,245.54	Manning Timber Products Ltd.	2 May 52	Expansion of Dockyard & Naval Base
New Westminster	Army	15,690.55	Central Mortgage & Housing Corp.	15 Nov 51	Armoury Site
Outside Canada—					
England—					
London	"	£100.	London Necropolis Co. Ltd.	27 Aug 52	Cemetery Plot
United States of America—					
Washington	"	115,000.00 (US Funds)	Natalie S. B. Montgomery	25 Nov 52	Site for Joint Canadian Staff

APPENDIX No. 67

Questions by Mr. Hunter asked on March 17, 1953 and printed on page 388.

DESCRIPTION OF CAMP BORDEN—ARMY

QUESTION 1—A complete description of the military functions carried on in Camp Borden for which accommodation is furnished.

ANSWER—Camp Borden is the home of the majority of the Corps Schools of the Canadian Army. In general, after completion of basic training with a unit, selected personnel enter into Trades Training and through the medium of technical courses at the various schools in Camp, become qualified in their trade. In addition, it is in the Corps Schools where the Officers, NCO's and Men of the Canadian Army, receive their specialist training and where courses to better fit them for leadership, instructors, and promotion are carried out.

In certain of the Schools (Royal Canadian Army Service Corps and Royal Canadian Army Medical Corps) in addition to their normal function, recruits are accepted from civilian life, and given their basic training. After completing basic training here they receive further advanced training in the specialty or trade for which they show the most aptitude. On completion of this portion of their training they are posted to respective Corps units across Canada.

During the summer months the COTC program is in full swing in Camp Borden, and the Corps Schools devote a major portion of their effort to this program. Each Corps School handles the prospective officer through three summer periods of progressive training prior to his being given a Commission if he successfully completes all phases. The intake varies in Schools but as an example of the load, the Royal Canadian School of Infantry handle approximately 300 per year, the Royal Canadian Armoured Corps School approximately 200 and the other Schools lesser numbers.

The Reserve Force Royal Canadian Signals, Royal Canadian Army Medical Corps and Canadian Intelligence Corps units in Central Command do a period of summer training at Camp Borden each year. The Royal Canadian Army Medical Corps and Canadian Intelligence Corps hold "National Camps" for all units of their Corps from across Canada.

The following Army Corps Schools are located in Camp Borden:—

- (i) Royal Canadian Armoured Corps School—This School provides complete training in all phases of armoured warfare.
- (ii) Royal Canadian School of Infantry—This School provides complete training in all phases of infantry warfare.
- (iii) Royal Canadian Army Service Corps—This School provides training in all aspects of supply and transportation of provisions, equipment, ammunition and personnel. In addition all clerical and catering training for the Canadian Army is carried out at this School.
- (iv) Royal Canadian Army Medical Corps School—This School provides training for all Medical Corps personnel in the care of wounded from the battlefield to base hospital. In addition the Atomic Bacteriological, Chemical and Defence Wing of this School conducts courses for the whole of DND and those members of the Civil Defence Organizations on the problems of Defence against Atomic, Bacteriological, and Chemical Warfare, as part of the preparedness program.

- (v) Canadian Provost Corps School—This School provides training for all Service Military Policemen covering military law, traffic control, crime investigation, etc.
- (vi) Canadian School of Military Intelligence—This School provides training in all phases of military intelligence.

The following field units of the Canadian Army train at Camp Borden due to the fact that special equipment is available at the Camp to assist in the training of these particular units, namely:

- A Transport Company
- 38 Field Ambulance
- 1 Canadian Signals Regiment
- 1 Airborne Platoon, Royal Canadian Army Service Corps
- 1 Airborne Platoon, Royal Canadian Army Medical Corps

QUESTION 2—The average population of Camp Borden since August, 1950.

- (a) Army
- (b) Army Dependents
- (c) Civilian

ANSWER—Average Population 1950-1953:

(a) Permanent Service Personnel	3,278
(b) Trainees	2,023
(c) Service Dependents	2,352
(d) Civilian Personnel	82
	<hr/>
	7,735

QUESTION 3—A complete list of buildings in Camp Borden showing class of construction and period when erected.

ANSWER—World War II Construction:

Total No. of Bldgs.	Name of Buildings	Capacity
17	Officers Quarters	878
7	Officers Messes	1650—Incl. 2 bldgs./800 cap. beyond repair
12	NCO Quarters	801—Incl. 2 bldgs./120 cap. beyond repair
9	NCO Messes	985—Incl. 2 bldgs./480 cap. beyond repair
30	OR Qtrs	3400—Incl. 16 bldgs./1020 cap. beyond repair
18	OR Messes	6700—Incl. 9 bldgs./3300 cap. beyond repair
11	Canteen & Rec	39,120 sq. ft.—Incl. 2 bldgs. beyond repair
23	Lecture Bldgs.	109,460 sq. ft.—Incl. 11 bldgs. beyond repair
7	QM & Tech Stores	114,800 sq. ft.—Incl. 4 bldgs. beyond repair
34	Adm Bldgs.	84,400 sq. ft.—Incl. 29 bldgs. beyond repair

Total No. of Bldgs.	Name of Buildings	Capacity
31	Garages	342 vehicles
1	Indoor Swimming Pool	
1	Outdoor Swimming Pool	
1	Protestant and Roman Catholic chapel each with a capacity of 250 seats.	
1	Gymnasium—5400 sq. ft.	
1	Bowling Alley—8 alleys	
1	Station Hospital 50 beds	
1	Fire Hall—2 vehicles and Qtrs.	
1	Dependents School	665 pupils
731	Married Quarters	(669 permanent)
2	Grocery Stores which were made by converting 2 war- time hutments housing an area of approximately 11,140 sq. ft.	

N.B.—The buildings shown above as “beyond repair” are considered beyond economical repair and due to the pressing need for accommodation they are being utilized at present. It is anticipated that within 2 years they will not be usable.

Buildings Constructed Prior to World War II

Before the Second World War a small number of temporary buildings of First World War vintage were used for the Royal Canadian Corps of Signals School. These buildings were turned over to the Royal Canadian Army Service Corps School in 1938 and some were removed to allow for construction of Royal Canadian Army Service Corps School Quarters and Messes, while the better buildings were renovated to make two ORs Quarters and a storage warehouse which the Royal Canadian Army Service Corps School used for QM Stores. There was no permanent construction prior to World War II.

Buildings Rehabilitated since 1950

There are 131 temporary hutments which are renovated to last for a period of 10 to 15 years, these will accommodate 2,380 troops.

Buildings under construction since 1950

- 1—250 man Barrack Block
- 3—250 man Barrack Blocks
- 2—250 man Barrack Blocks
- 1—500 man Mess
- 1—500 man Mess
- 669—Permanent Married Quarters
- 1—Training and Recreation Building
- 2—120 Sgts Messes
- 1—1 QM Stores
- 1—Administration Training Building
- 1—Lecture Training Building

Buildings and Facilities Constructed from Non-Public Funds

Indoor Swimming Pool
Outdoor Swimming Pool
Bowling Alleys
Gymnasium
Library E 75.
Garrison Church

QUESTION 4—In population and size, what would be a comparable community, town or city?

ANSWER—The combined Army and Royal Canadian Air Force population compares with a town the size of Brockville or Orillia.

QUESTION—Details of the following:—

- (a) Size and mileage of sewers
- (b) Mileage of streets
- (c) Mileage of paved streets
- (d) Electrical supply
- (e) Chapels or Churches
- (f) Schools
- (g) Landscaping
- (h) Fire protection
- (i) Wet canteens and messes and dry canteens
- (j) Buildings of special design or pattern not found in a civilian community
- (k) Ranges
- (l) Water supply
- (m) Hospitals
- (n) Gymnasium
- (o) Swimming pools
- (p) Sewage disposal plant

ANSWER

- (a) There are 37.9 miles of from 8" to 10" sewer.
- (b) There is a total of 136.3 miles of streets.
- (c) Paved streets total 25.8 miles which is included in (b).
- (d) The electrical power is supplied by the Hydro Electrical Power Commission at 44,000 volts and transformed to 4,000 volts at the main sub station which is DND owned. The load is approximately 6,000 HP and supplies the RCAF and Army. The cost of the power is \$28 per HP per annum. The distribution system is DND owned.
- (e) There are two Chapels, one Protestant with a capacity of 250 and one Roman Catholic with a similar capacity, which were made by converting a temporary Salvation Army Recreation Hall.
- (f) The dependents school consists of a stage 4 permanent school which has 18 rooms at 35 pupils, auditorium and kindergarten for 39 pupils. The total capacity is 669 pupils.
- (g) The total area of Camp Borden is approximately 20,169 acres of which only 5,764 acres have been improved by sodding, seeding and grading. A large part of this work has been done by the units in their spare time.
- (h) Fire protection consists of a one company unit comprising 1 Captain, 2 Lieutenants and 21 firefighters, located in a fire hall, which has two pumpers and two crash tenders fully equipped. The Camp is protected by a Northern Electric fire alarm system having a control panel and control station located in the Fire Hall with complete coverage throughout the camp. The water storage capacity (elevated tank) is 255,000 imperial gallons.

- (i) There are 11 canteens which provide wet and dry canteens, games rooms, writing rooms, lounges, etc., and 18 ORs messes which are capable of handling 6,700 troops.
- (j) Buildings of special design consist of Detention Barracks, Castle type grenade training building, Tank training buildings with special equipment for training aids, Drill Halls, special spider type sleeping quarters, and 500-1,000 man permanent messing buildings.
- (k) Ranges and Training Facilities.
 - (i) 4 Small Arms Ranges
 - Langemark Range 100-yd—86 targets (Pistol)
 - Vimy Range 500 yds—24 targets (Rifle and LMG)
 - Amien Range 500 yds—24 targets (Rifle and LMG)
 - Mons Range 1,000 yds—36 targets (Rifle and LMG)
 - (ii) 2 Grenade Ranges
 - Castle Grenade Range (Throwing and Observation)
 - West Grenade Range (Throwing)
 - (iii) 2 Battle Training Ranges

Caen Battle Range	360,000 sq yds
Lecateau Battle Range	360,000 sq yds
 - (iv) 1 Arti tank Range
 - (v) 1 AA Range
 - (vi) 1 Driver Training Range—53 miles of road.
 - (vii) Summer Training Area, Blackdown Park area which is situated in the centre of the main camp training area, this area is used for tactical training of action and Reserve Force units.
 - (viii) Meaford Ranges, a satellite camp approximately 60 miles from Camp Borden is used as an AFV Range by the RCAC for tank training and as a Reserve Force summer training camp. Meaford is primarily used as a tented camp with approximately 50 temporary buildings which are used for Administration, ammunition storage, services, etc.
- (l) Three deep wells are in service. No. 1 with a low left pump to a small reservoir thence with a high left pump to a common manifold into which wells Nos. 2 and 3 pump directly. Each of the three wells has a nominal capacity of 750 imp. gals. per minute or a total of 2,250 imp. gals. per minute and supplies both RCAF and Army. The corresponding maximum flow per day, of 24 hours, would be 3,240,000 imperial gallons. A slightly greater output could be maintained for a period of 24 hours with all pumps working.
- (m) The camp hospital consists of a permanent building large enough for 75 beds and space for administration, treatments, etc.
- (n) The Gymnasium is a temporary building with an approximate area of 5,400 square feet.
- (o) There are two swimming pools at Camp Borden, one indoor and one outdoor. The indoor pool was built from Regimental Funds of the Royal Canadian Army Service Corps School, the water is heated and chlorine treated. The outdoor pool was constructed from funds raised by public subscription, Day labour, and minor contracts.

- (p) The sewage disposal plant is a DORR type clarifier system and includes the following:
- (i) Control Building
 - (ii) Screen and Grit channels
 - (iii) Settling Tank
 - (iv) Sludge pumping station
 - (v) Digestion Tanks
 - (vi) Chlorine Contact Tanks

CAMP BORDEN—AIR FORCE

1. A complete description of the military functions carried on in Camp Borden and for which you furnish accommodation

- (a) Army—by corps and units
- (b) Air Force

(b) RCAF Station Camp Borden performs for the Air Force the function that a large number of trades colleges perform for industry. Here basic training courses are given to all new enlistees into the Service in the trades of Aero Engine Mechanic, Airframe Mechanic, Instrument Technician, Photographers and Armament Technicians. The students are young men and women from our High Schools and Technical Schools, whose physical and mental development is carefully programmed. The Station is also the centre of Ground Defence Training for the RCAF. Details of units are as follows:—

- (i) *No. 2 Technical Training School*—This unit provides basic training for the following trades:
 - (aa) Aero Engine Mechanics
 - (bb) Airframe Mechanics
 - (cc) Instrument Repair Technicians
 - (dd) Photographers—Ground and Air
 - (ee) Armament, including the newly developed Armament Systems Technican Trade, dealing with the electronic aspects of sighting systems.
- (ii) *No. 10 Examination Unit*—This unit sets examination papers for the course of No. 2 TTS and trade advancement examination papers for the same trades in the field.
- (iii) *RCAF Ground Defence School*—Assumption by RCAF of responsibility for the ground defence of Air Force installations has made necessary a Ground Defence Training organization. This school provides training to Officers and NCOs of this trade to qualify them as instructors at station and unit level for all personnel of RCAF.

2. The average population of Camp Borden since August, 1950

Air Force

Air Force Dependents

Civilian

Average Population 1950-53

Present Planned
Establishment

(a) Permanent Service Personnel (Staff)	510	637
(b) Trainees	748	1,607
(c) Service Dependents	482	777 (anti-
		ipated)
(d) Civilian Personnel	197	214
	<hr/>	<hr/>
	1,937	3,235

3. A complete list of buildings in Camp Borden showing class of construction and period when erected.

Serviceable Buildings Constructed Prior to World War II

Station Headquarters
Drill Hall
Supply Buildings (1,898 sq. ft.)
Dry Canteen and Station Library
Officers' Mess
Officers' Qtrs (25)
Airmen's Qtrs (93)
Wet Canteen and Staff Club
Hobby Shop
15 Small Hangars (used mainly as classrooms until completion of TTS building under construction)

World War II Construction

Station Hospital (19 beds)
Civilian Barracks (Capacity 68) housing civilian employees who cannot get living accommodation in immediate area
Grocery
Airmen's Qtrs (180)
TTS Lecture Rooms (2 buildings)
Post Office
Detention Barracks
Fire Hall
Paint Storage
Battery Shop
ME Section
25 Yd. Range
Garbage Hut
Airmen's Qtrs (102)
Airmen's Qtrs (one-half subsequently converted to (P) and (RC) Chapels and Padres Offices, other half accommodates 34 airmen)
Airmen's Mess

Buildings Rehabilitated since 1950

Airmen's Qtrs (180)
Airmen's Qtrs (102)
Civilian Barracks (68)
Protestant and RC Chapels (housed in half of converted barrack block)
Station Hospital
Airmen's Mess

Buildings under construction or built since 1950

2 Hangars 160 x 220 (to house aircraft too large to be accommodated in wartime hangars. The aircraft are used for practical instruction purposes)
NCOs Mess (150)
Public School (10 Rooms)
Technical Training School
Central Heating Plant
Construction Engineering Building
Garage (to house CE equipment and provide a practical workshop for TTS)

Supply Building extension (8,000 sq. ft.) (to supplement previous facility)
 NCO Qtrs (2 x 60)
 Airmen's Qtrs (2 x 180)
 (4 x 252)
 Trainee Mess (1,000-2,000)
 Female Officer Qtrs and Airwomen's Lounge (Armco construction. Includes quarters for 6 Officers, Lounge for 60-100 Airwomen and 2,000 sq. ft. of space used as an overflow for the hospital).
 Explosive Storage Buildings (2)
 OR Quarters (330) (Armco construction used as temporary qtrs)
 220 PMQ
 () indicates capacity.

4. Buildings and services paid for from non-public funds

Installations and services paid for from Non-Public Funds

Swimming Pool
 Golf Course
 Tennis Courts
 Bowling Alleys
 All Theatre Equipment (including seats, projection machines, air conditioning, etc.)
 Billiard Tables
 Library Books at rate of \$140.00 per month
 Equipment in—
 Snack Bars
 Motor Club
 Hobby Shop
 Glider Club
 Camera Club
 Gun Club
 Radio Club
 Decoration in—
 Drill Hall
 Music Club
 Riding Academy
 Sports equipment at the rate of \$8,000.00 per year.
 Salaries and bonuses paid from NPF exceed \$30,000.00 per year and include attendants in the above clubs. This includes employment of five civilians in dry canteen, one in the bowling alley and one as station gardener.

5. In population and size, what would be a comparable community, town, or city.

Combined RCAF-Army population compares with a town the size of Brockville or Orillia.

6. Details of the following:

- (a) Size and mileage of sewers
- (b) Mileage of streets
- (c) Mileage of paved streets
- (d) Electrical supply
- (e) Chapels or Churches
- (f) Schools
- (g) Landscaping
- (h) Fire Protection
- (i) Wet canteens and messes and dry canteens

- (j) Buildings of special design or pattern not found in a civilian community
- (k) Ranges
- (l) Water -supply
- (m) Hospitals
- (n) Gymnasium
- (o) Swimming Pools
- (p) Sewage disposal plant

(a)	365 lineal ft.	— 15"	} main Station
	1580'	— 12"	
	5050'	— 10"	
	1820'	— 12"	
	3575'	— 10"	} married qtrs
	2460'	— 8"	

- (b) 8.3 miles, which includes
 - (i) All main Station streets
 - (ii) All PMQ streets
 - (iii) Some access roads to buildings
- (c) 6.0 miles, which includes
 - (i) Most main Station streets
 - (ii) All PMQ streets
 - (iii) Some access roads to buildings
- (d) Power is to be supplied by the Hydro-Electric Pow Commission at 44 KV, 60 cycle into our substation of 4000 KVA capacity. From the sub-station the power is distributed at 2400/416V through 3 feeders to the Station.
- (e) Both Protestant and Roman Catholic Chapels are accommodated in a single storey "H" type Barrack Block. The Protestant Chapel has a seating capacity of 200 and the RC Chapel 170.
- (f) There is a 10-room school having a maximum capacity of 400. This buildings was completed in the spring of 1952.
- (g) The only site preparation done at Camp Borden in the main Station area consists of landscaping of the required twenty (20') more or less, around new construction. Standard landscaping has been done or is under contract around all 222 PMQ units. Some sodding was done around the walls while the remainder was seeded. A few shrubs were planted and driveways constructed in accordance with normal CHMC practice.
- (h) Camp Borden is protected by 53 hydrants which are fed by 6" laterals off 6" and 8" mains. The capacity of the booster pump is 900 gals. per minute, operated by a gasoline engine. There are 16 standard alarm boxes on the unit and five master boxes. A 500,000 gallon water reservoir is under construction and will be completed in April this year. This reservoir will be provided with booster pumps to supplement the present fire fighting reserve. The capacity of the reservoir is considered essential in view of the distance from the source of water, and the proximity of the bldgs to one another enhances the danger of a major fire. The thread specifications for the hydrants are standard. There are 103 lengths 50' hose on the station available for use.
- (i) Officers Mess —Constructed in 1939. Dining room has a capacity of 72.

- NCOs Mess — Constructed in 1930 as a relief project. Subsequently used as Airmen's Qtrs. Converted during World War II to an NCOs Mess. Has maximum capacity for 75. New mess with a capacity of 150 expandable to 300 presently under construction to serve the establishment of 225 NCOs.
- Other Ranks Mess — Constructed in 1939. Has a capacity of 360.
- Trainees Mess — New Mess completed in 1953. Has a capacity of 1,000.
- Canteens — Dry Canteen and Library contained in an "H" Type building containing approximately 5,000 sq. ft. of floor space.
Wet canteen and staff club contained in a building constructed in 1930 as an NCOs Qtrs and Mess. Contains 2,702 sq. ft. of floor space.
Hobby Shop and Cpls Club contained in a building constructed in 1917 as a mess. Contains approximately 6,000 sq. ft. of floor space.
- (j) Buildings of a special design at Camp Borden include the Technical Training School, barrack blocks, messes, central heating plant, cannon stop butt and 25 yard rifle range.
 - (k) Outdoor 25 yard range constructed during World War II.
 - (l) The Water for use on RCAF Station Camp Borden is supplied by the Army from wells in the Army area. To ensure fire protection and pressure, the RCAF has under construction a 500,000 gallon reservoir implemented by booster pumps.
 - (m) Nineteen Bed Hospital constructed during World War II and renovated in 1950.
 - (n) Drill Hall floor also used as a gymnasium. Floor area approximately 25,400 sq. ft.
 - (o) Open air swimming pool constructed in 1917 from non-public funds. Area of tank is approximately 240 sq. ft.
 - (p) The sewage from RCAF Station Camp Borden is delivered by gravity and by a lift station to the sewage collection system and sewage disposal plant, constructed and operated by the Army.

Special Committee on 1952/53

(HOUSE OF COMMONS)

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 23

THURSDAY, APRIL 16, 1953

WITNESSES:

Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited.

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953

MINUTES OF PROCEEDINGS

THURSDAY, April 16, 1953.

(25)

The Special Committee on Defence Expenditure met this day at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, George, Harkness, Herridge, Hunter, James, Jutras, Pearkes, Stick and Thomas. (18)

In attendance: Messrs. R. G. Johnson and C. Maxwell of Defence Construction (1951) Limited; Messrs. H. A. Davis and W. R. Wright of the Department of National Defence.

The Chairman tabled copies of answers to questions by Messrs. Fulton, Applewhaite and Thomas which were distributed forthwith. They were ordered printed and will appear as appendices Nos. 68 to 72 inclusive. These answers relate to:

1. Total payments to Terminal Construction Limited for contracts at Goose Bay, Labrador, to March 31, 1952,
2. Total payments to François Jobin Incorporated for rehabilitation of Morton and Palace Hill Plants to March 31, 1952,
3. Lumber involved in the warping of studding in corridors of two officers' quarters, etc., at Penhold,
4. Total payments to date to Terminal Construction Limited at Goose Bay, Labrador,
5. Electrical distribution at Penhold.

Messrs. Johnson and Davis were called and jointly examined on R.C.A.F. Station at Churchill.

Pursuant to notice, Mr. Fleming questioned the witnesses on the Armoury at Sault Ste. Marie referring to page N-29 of the Public Accounts of Canada for the year ending March 31, 1952.

Certain photographs of the construction on the Churchill site were circulated.

It was decided to examine Mr. D. B. Mansur, President of the Central Mortgage and Housing Corporation, on married quarters and schools at next meeting.

At 1.05 o'clock p.m., the Committee adjourned to meet again on Tuesday, April 21, at 11.30 a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

APRIL 16, 1953.

11.30 a.m.

The CHAIRMAN: Gentlemen, I have more answers here this morning for Messrs. Fulton, Applewhaite and Thomas. (*For questions and answers see Appendices Nos. 68 to 72.*)

I think this is applicable to Mr. Johnson and Mr. Davis. If there are any outstanding questions, we should have them answered as soon as possible, by next meeting if you possibly can.

Mr. DAVIS: I understand all of ours are in.

Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited, called:

The WITNESS: We have only one outstanding.

The CHAIRMAN: On Tuesday next it is intended to have Mr. Mansur here. He will discuss Namao and housing quarters generally.

Now, gentlemen, in response to a request by members to see a typical service camp, we have arranged to visit Borden on Monday. We propose to leave at about 8.15 a.m. Peace Tower and will be back about 6 p.m. Those who wish to travel from Toronto will be accommodated if they will inform the clerk.

We have some pictures here of Churchill, I will pass them around. Look at them and try to keep them together. They are very interesting.

We are dealing with Fort Churchill this morning. There is an amendment to the Fort Churchill report which has been provided to you.

Mr. Johnson will answer questions; we are not going to have him read the report.

The witness is yours, gentlemen.

Mr. HERRIDGE: Mr. Chairman, on page 663 of the Churchill report, you are dealing with a dual chapel. Is this chapel of a standard design?

Mr. DAVIS: No it is not. It is not a standard design.

By Mr. Herridge:

Q. Will you tell us just how it differs?—A. On the question of design, I think Mr. Davis can answer better than I can.

Mr. DAVIS: I am afraid I did not hear the question.

The CHAIRMAN: In what respect is the chapel at Fort Churchill different from other chapels?

Mr. DAVIS: It was a special design which was developed and which was basically a dual chapel. The standard design is a single chapel which is built with slight variations for Protestant and Catholic communicants in order to meet their religious requirements.

Mr. HERRIDGE: I see it cost \$156,884. What is the size of the chapel and the seating capacity?

Mr. DAVIS: I will have to obtain that for you.

Mr. HERRIDGE: On page 665, dealing with these 148 permanent married quarters at a cost of \$5,151,825, it works out to an average cost of approximately \$25,000 and would Mr. Davis tell us what is the size of each and the type of construction and the general description of what one of these married quarters would be like?

Mr. DAVIS: Married quarters at Churchill vary in the number of bedrooms and accommodation. I do not have a detailed breakdown available of the number of each type which has been constructed, but in general the costs at Churchill, which we have worked out have allowed 100 per cent over and above the cost of constructing a similar building at Montreal or Toronto, and the Treasury Board ceiling for our married quarters at Churchill is in that ratio.

Mr. HERRIDGE: What are the factors that caused that 100 per cent increase in the cost?

Mr. DAVIS: The first one would be the climatic conditions and the presence of permafrost and the second would be the remoteness of the site.

The WITNESS: I have some information I can supplement that with if you like, Mr. Herridge.

Mr. HERRIDGE: Thank you, Mr. Johnson.

The WITNESS: There are a number of items I will deal with in some detail because they indicate why this type of construction costs considerably more than it would in Montreal or Toronto.

Mr. HERRIDGE: I think that would be of interest to the committee.

The WITNESS: A comparison has been made here between what might be considered normal costs say at Montreal and costs at Churchill and the items I will refer to are the items which suggest the increase as compared with what might be normal costs. The builders' risk fire insurance rates are considerably higher for Churchill than they might be at Montreal. The basic wage rate at Churchill is 15 per cent higher than at Montreal to which must be added 10 per cent to cover the time and a half paid for overtime. Two hours overtime were worked every day because of the short building season. Then, there is the question of operation of the camp. In Montreal no camp cost would be incurred. In Churchill there is a camp cost to cover a proportion of the cost of the buildings and to maintain and service them, and catering costs. The men are charged \$1.50 a day for board. This does not cover anything like the actual cost of operating the camp. Transportation for workmen is another big factor. Transportation is required from Winnipeg to Churchill and travelling time for an eight hour day for three days each way. There is the question of plant transportation. The plant and equipment had to be moved into Churchill at much greater cost than if the work had been incurred closer to normal supply, and there is the freight transportation of materials used on the job.

On the photographs going around you will see pictures of men standing in the excavation with the footage of the walls measuring probably twice the height of the men. In Montreal the foundation walls would normally be five feet below grade. In some of these quarters they went down twenty-five feet below grade. This required a very large excavation through frozen muskeg and loose boulders weighing many tons. After pouring the walls these excavations were back filled. In other words this type of foundation work required heavy equipment such as cranes, heavy trucks and bulldozers which would not normally be used in an urban area. There was an increased amount of heating radiation and use of rigid conduit for electrical wiring instead of loomex which is normally used. While there were certain increases in insulation, the most marked increase was in the square footage of radiation. In the electrical system and transformers in the utilidor—the utilidor was the connecting utilidor for the services mentioned in my statement on Churchill—in the electrical system, in addition to the provision of transmission lines and transformers in the utilidor,

it is a requirement for Churchill that all wiring be in rigid conduit instead of loomex which would normally be used for housing. The connecting passages which are as I say, the utilidors, are not a normal feature of construction and these items would not be provided in Montreal. Then there were additional construction features to suit the very rigorous climate which are dealt with in my statement; such as the addition of strapping on the exterior walls, sleepers on the roof joists, thicker roof boards to prevent penetration of frost through nails, thickness of batt insulation increased from three inch to $4\frac{1}{2}$ inches in the roof and applied in two layers, one between joists and one between strappings, 7/16 inch roof insulboard added on top of sheathing, roof space ventilators increased in size, wall insulation changed from $\frac{1}{2}$ inch batt to $2\frac{1}{4}$ inch batts—one between studs and one between strapping, 5/8 inch fibreboard added on outside of wall sheathing; an additional, that is to say, two vapour barriers in outside walls and roof; the window design was changed, triple-glazed was installed to overcome icing of the interior. Those are additional costs which, in the estimate furnished to me, would have increased the cost of a normal house about \$13,900, suggesting why the cost is so much higher at Churchill.

By Mr. Herridge:

Q. I am very glad to have that information. I have just two or three more questions. In regard to this 10-classroom school, which cost \$583,839, that works out at an average of \$58,000 per room. Now, without that information, this seems an excessive cost. Is that cost influenced by similar considerations?—
A. Yes, influenced by similar considerations.

Q. And this extension to the central heating plant—why was this substitution of boilers?—A. I assume you are referring to the item on page 6 of my statement. It is pointed out there that the boilers were increased from 300 horsepower capacity to 500, and the number of boilers was increased by two, and provision made for a further possibility of adding three more boilers. I think the answer is that the heating problem at Churchill is one that required the additional capacity to serve the number of personnel to be accommodated at the camp.

Q. Then on page 670, Mr. Chairman, "Survey and Consultant Services". You mention here that Professor A. G. Larson and party of the University of Manitoba were engaged at the request of the army. Why was Professor Larson and his party engaged? Were there no army personnel capable of doing this work?

Mr. DAVIES: It is not a question as to whether there were no army personnel available to do the work; it is rather how you best utilize the army personnel over the whole of the program, and it has been the practice to engage consultants where it is more economical and satisfactory to use them than it is to take army personnel from other work and to transfer them for that purpose. The army personnel are fully utilized and when it is beyond their resources we ask for consultants.

Mr. HERRIDGE: One last question. I see that you mention J. H. Duncan, of the Ontario Department of Health, was engaged in a professional capacity for the investigation of the water supply on the 12th August, 1952. Was there no one available from the Department of National Health or any other federal department to do the same work?

Mr. JOHNSON: As a matter of fact, officials of the Federal Department of National Health were consulted in this matter, along with Mr. Duncan, and there was agreement among the experts that Mr. Duncan was the best man for the job and that he was the one to go to Churchill—with his particular knowledge of the subject he would be the most useful expert to send there. The Federal Department of Health was consulted in the matter, though.

The CHAIRMAN: Was there a special water problem at Churchill?

The WITNESS: Yes, sir. It is dealt with in my statement. The reason for the amendment to my statement is that we have had quite recent information that as a result of Mr. Duncan's efforts at Churchill the problem has been solved just in the last few weeks.

By Mr. Dickey:

Q. I take it, Mr. Johnson, from your evidence regarding the married quarters, that the married quarters provided at Churchill are, generally speaking, on the same scale as in other locations, and that the additional expense is due to the site conditions rather than better accommodation.—A. That is correct. The extra cost is due to the extremely difficult weather conditions and the site conditions there.

Q. What are these utilidors, Mr. Johnson?—A. Utilidors are connecting passageways which carry the pipes for the various services for these houses. It is due, again, partly to the site conditions, the nature of the soil and rock there, and also to the permafrost conditions, that these lines were placed in these utilidors. They are actually corridors.

Mr. DAVIS: The utilidor is a tunnel which permits the grouping of the utilities and facilitates service, and it also permits us to run heat alongside water pipes and to avoid the effect of extreme cold there.

Mr. DICKEY: You say tunnels? They are above ground? Is that correct?

Mr. DAVIS: At Churchill I believe they are, but, depending on the soil conditions, the utilidor can either be above ground or buried.

Mr. DICKEY: They carry the services for the various buildings that would under more normal conditions be simply put in by trenching or some other means?

Mr. DAVIS: That is correct.

The CHAIRMAN: In addition to that, do they not make it possible for people to keep under cover and pretty much find their way from one end of the camp to the other?

Mr. JOHNSON: That is quite correct. In the winter it is frequently almost impossible to face the weather at Churchill, and these connecting corridors facilitate the people getting around various quarters in the camp.

Mr. DICKEY: In other words, they are big enough for people to move through them with reasonable comfort.

The WITNESS: That is correct.

Mr. HUNTER: They are regular hallways.

Mr. PEARKE: On page 668 of the statement on Fort Churchill. The amount of the original contract was nearly doubled by change orders in regard to the erection of prefabricated transmitter buildings and the formation of the road. That seems to be a pretty extensive increase after an original estimate was made. Was there any particular reason for that? It mentions that the army was being considered with a view to being employed on the road and some decision was made to have the contractor do the work. Is that correct?

Mr. DAVIS: It was found at the time when the work was to be done that the army resources were not available to carry out this work, and for that reason it was let to contract.

Mr. PEARKE: When was the original work planned?

Mr. DAVIS: The original contract was awarded in July, 1951, but the planning was previous to that.

Mr. PEARKE: In January, 1951, it was intended that army personnel should be employed in the construction of this road and the erection of these prefabricated buildings. Is that correct?

Mr. DAVIS: I do not believe it was ever the intention that the army should carry out the erection of the prefabricated buildings.

Mr. PEARKES: Was the whole of that \$54,000 expenditure which resulted from the change orders brought about by the fact that the army did not work on the road?

Mr. DAVIS: No.

Mr. PEARKES: That it was spent on the road?

Mr. DAVIS: No. I understand the original intention was that the army should provide certain plant and equipment.

Mr. PEARKES: Yes.

Mr. DAVIS: And that the change orders did reflect the inability to supply that equipment.

Mr. JOHNSON: I believe my statement may answer your inquiry. On page 668 the amount of work that was to be supplied by the army was shown as \$11,378. And then in addition to that \$11,000-odd there was a further \$5,463, which was the cost of the freight of the building. And then alterations were found to be necessary to the building which necessitated raising the roof by two feet and strengthening the transmitter room floor, fireproofing the laboratory, generator room and garage, and certain external works involving a septic tank and drainage, which amounted to \$29,362. And then the contractor's office bunkhouse and equipment, which were acquired at the close of the job, were moved to locations along the road to the rail spur, insulated and connected by an eight-mile telephone line to the transmitter building, at a cost of \$4,850. Those are the items which make up the change orders totalling \$54,000-odd.

Mr. PEARKES: If you take away the army part of it, I can understand that the army might have to be employed elsewhere because you were increasing the size, and increasing your commitments at the time, and the withdrawal of the army and of army personnel seems to me to be something which could not have been foreseen in the beginning of this 1950-51 period. Still there would be an increase of \$43,000 in the contract, which amounted to \$69,000, and that would be two-thirds of the original contract. Therefore it does seem to me that some explanation is required as to why these additional expenditures had not been foreseen at the time of the letting of the contract. Surely a change order of that nature, of two-thirds of the contract, is rather excessive, is it not?

Mr. DAVIS: The reason for at least part of the change orders was the fact that when the original contract was let, there was not complete knowledge of the equipment which was to go into those buildings, and there were modifications which have been reflected in the change orders to suit the equipment which was to be installed there. If it had been possible to obtain those details first, certainly it would have avoided the change orders. But it is very difficult to say whether it would have reduced the over-all cost.

Mr. PEARKES: Was any considerable delay experienced in the completion of those buildings on account of the change orders?

Mr. DAVIS: To the best of my knowledge there was not.

Mr. JOHNSON: Construction started in July and it was finished in early October. There was no real delay there.

The CHAIRMAN: Are there any further questions, gentlemen?

Mr. APPLEWHAITE: Mr. Chairman, I refer to page 661 second paragraph, all through it there are references to climatic conditions. What are those climatic conditions? What is the range of temperatures? How long does it go in the winter and how high does it go in the summer? We use the term "climatic conditions" without saying what they are.

The WITNESS: I have some information on that question. The average annual temperature at Churchill is eighteen degrees.

Mr. GEORGE: Eighteen degrees Fahrenheit or eighteen degrees centigrade?

Mr. JOHNSON: I am sorry, but that is not the right information here. January, as a rule, is the coldest month of the year both at Churchill and at Saskatoon. This information is based on a comparison of Churchill and Saskatoon. Over a period of several years at both locations, the January mean temperatures fall into the following groups—

Mr. DAVIS: Perhaps I could amplify that a little.

The CHAIRMAN: Go ahead.

Mr. DAVIS: Churchill is very cold from a temperature point of view—for instance, in 1950 the mean temperature at Churchill was thirty-three degrees below zero throughout the whole of January.

Mr. APPLEWHAITE: The mean temperature?

Mr. DAVIS: The mean temperature. And in addition to that, there is a very considerable wind chill which accentuates the temperature and makes weather conditions at Churchill exceptionally severe.

Mr. APPLEWHAITE: What would be the result at the other end? I am trying to get the spread. What about in the hottest period?

Mr. DAVIS: In summer, certainly over a short period you get a high temperature which, I understand, can go as high as ninety degrees.

Mr. APPLEWHAITE: Have you a summer mean to offset that thirty-three below?

Mr. DAVIS: We have not got the summer mean available here, but it could be obtained. It wasn't necessary for the design purposes for which we obtained this data.

Mr. APPLEWHAITE: What is the average depth of snow in the winter?

The WITNESS: I have nothing on the snow, Mr. Applewhaite.

Mr. APPLEWHAITE: Well, Mr. Chairman, with very great respect to the witness, climatic conditions is given as one of the basic reasons for the cost, and I would like to know whether we can have the average depth of snow in Churchill. Is it a depth of 10 or 40 feet of snow? I would like to go on from there and find out whether it is, as a general rule, dry snow or wet snow. In other words, whether it is heavy or light, and I think we should have that information to supplement this statement, because climatic conditions does not mean anything, since we do not know what they are.

The CHAIRMAN: You are right, Mr. Applewhaite. Can you help the committee?

The WITNESS: No, not now. I have some figures on the relative humidity.

Mr. FLEMING: My recollection is, subject to check, that we were told that on account of there being so much wind, that the snow did not lie at any great depth.

Mr. APPLEWHAITE: My recollection is that there was plenty of it even then.

The CHAIRMAN: Have you any information here that is helpful to Mr. Applewhaite and to members of the committee Mr. Davis?

Mr. DAVIS: I think it would be helpful to the committee to point out that the selection of Churchill as a winter testing station was based on the fact that the climatic conditions there were found to be as severe as any other place which could be selected. The range in temperatures is great between summer and winter and also the blizzard and wind chill conditions are added to the low temperature during the winter. We can obtain data as to the depth of the snow,

but I would not think that that in itself would provide a proper assessment of the severity of the climate there, which is basically the wind plus the low temperature.

Mr. APPLEWHAITE: I do not want to be antagonistic, but if that is the reason why you chose this place, then there should be any amount of data.

The CHAIRMAN: We will obtain further information for you Mr. Applewhaite.

Mr. JUTRAS: You have the humidity.

The CHAIRMAN: It is a technical report.

Mr. APPLEWHAITE: The maximum or minimum temperatures anybody can understand, and the depth of snow anyone could understand. In connection with the permafrost and the amended statement which has been given to us and the pictures which have been given, is there as a result of that permafrost condition any heaving, any moving of your buildings from below, due to rise and fall of the temperature or the permafrost being affected.

Mr. DAVIS: The permafrost condition makes your foundation very much more difficult. If the permafrost is not retained, the soil conditions become unstable, and it is therefore necessary in the designing of your buildings to ensure you get adequate foundation, and that you retain the permafrost condition by insulating heat from your buildings, and keeping it away from the soil.

Mr. APPLEWHAITE: When that has been done, you do not get these push-ups such as we have seen pictures of. Can you guard against that?

Mr. DAVIS: You could protect to a very considerable extent by getting your foundations down to the permafrost which is an all year round condition, and by ensuring that the permafrost is not disturbed by the heat from your building and by doing that you get a relatively stable condition.

Mr. APPLEWHAITE: So that your buildings which you now have constructed should not be—or are they in danger of disruption due to permafrost?

Mr. DAVIS: No, we feel and our experience so far has been, that the design which has been developed for foundations and the insulation of buildings from the permafrost has been satisfactory.

By Mr. Applewhaite:

Q. I would like to ask, was any material ferried into Churchill by water?—

A. Yes, some of the material, particularly some cement was transported in by water.

Q. Was that done to cut down expenditure in connection with this?—A. Most of the material has been taken in by rail.

Q. Why?—A. Most of the material has come in from the Winnipeg area, and it has been more economical to bring it in from there, than to ship it through the other way.

Q. Was there any consideration given to the economic side of buying your material on the Atlantic coast, and freighting by water?—A. That was considered, yes.

Q. And, I take it, turned down.—A. That is right.

Q. With reference to the original statement, there is a reference on page 661 to 56 married quarters, that is prior to July 1950, and on page 665, to 148. I want to ask what type they are. Are they apartment houses, and if so, how many units to the building.—A. Each building block has four self contained three-bedroomed married quarters.

Q. They are all fours?—A. Yes, they are in units of four.

Q. Further down on page 661, with regard to repairs to U.S. army workshop, do we now own that workshop?—A. That is a Canadian building used by the U.S. as a workshop.

Q. It always was a Canadian building?—A. I am not familiar with the history of the building, but it is presently a Canadian building.

Q. Did the installation of the gasoline tanks refer to aviation gasoline?—A. I beg your pardon, I did not get the question.

Q. There are three gasoline tanks referred to on page 1, November 1950. Are those for aviation gasoline?

Mr. DAVIS: The contract for these three tanks was for the air force to meet their requirements. They would be for aviation spirit.

Mr. APPLEWHAITE: On page 664, with reference to water treatment, I wonder if the witness can tell us where the water comes from, and how it is taken into the camp.

Mr. GEORGE: You might add sewage disposal at the same time.

Mr. DAVIS: The water is taken from Lake Isobelle and is taken overland by a pipeline to the camp site where it is treated.

Mr. APPLEWHAITE: How far?

Mr. DAVIS: Speaking from memory it is nine tenths of a mile. I can check the exact distance.

Mr. APPLEWHAITE: Is that a specially designed installation?

Mr. DAVIS: Yes it is, and it is one that has been difficult from a design point of view to allow for the temperature. It means that the whole pipe line has to be kept heated during winter in order to get the water there.

Mr. APPLEWHAITE: Is it buried?

Mr. DAVIS: To the best of my knowledge, it is an above-ground pipeline.

Mr. APPLEWHAITE: Does the water come by gravity, or is it pumped?

Mr. DAVIS: It is pumped.

Mr. APPLEWHAITE: The water treatment plant, does that refer to treatment for industrial use, boiler use, or treatment for domestic use, or both.

Mr. DAVIS: It is treated primarily because of its corrosive properties which would be necessary for industrial purposes, but it is also necessary for domestic purposes, because of the effect on the distribution system.

Mr. APPLEWHAITE: And that is all done at the water plant?

Mr. DAVIS: That is all done at the water plant.

Mr. APPLEWHAITE: You say on page 2—

Mr. GEORGE: Could you explain the sewage disposal system there?

Mr. DAVIS: I have not details of the sewage disposal here, but I know that it does present certain problems owing to the necessity for keeping the temperature—

Mr. GEORGE: I am not particularly interested in scientific details. Just how do you get rid of it in general terms.

Mr. DAVIS: There is a sewage but I have not the details of that available.

Mr. JUTRAS: Would it be surface?

Mr. DAVIS: It would be surface. I can obtain the technical details.

Mr. GEORGE: A general statement would be satisfactory to me.

Mr. APPLEWHAITE: With reference to the four married quarters for the Department of Transport referred to on page 661, does the Department of National Defence get a revenue from them by way of rental or something of the sort?

Mr. DAVIS: Normally rental is charged for those. I can confirm what is done in this case.

Mr. APPLEWHAITE: I think we should because we are charging plenty up to Defence.

Did the Korean outbreak have any direct effect on the Churchill project?

Mr. DAVIS: The effect of Korea would have an indirect effect in that resources which might be used at Churchill had to be re-assessed in the light of the over-all requirement. It is very difficult to say that the effect of Korea itself affected the requirement at Churchill.

Mr. APPLEWHAITE: I do not want to be giving information, but here is what I am getting at. Churchill was in operation before Korea?

Mr. DAVIS: Yes, Churchill was in operation before Korea.

Mr. APPLEWHAITE: I want to know whether Churchill was stepped up or speeded up as a direct result of Korea or not?

Mr. DAVIS: To the best of my knowledge it was not stepped up directly as a result of Korea.

By Mr. Applewhaite:

Q. On page 663 there is a reference to a strike causing delay. Did that strike occur at Churchill or in the factories or where?—A. That was a general strike of electricians in Manitoba, sir.

Q. What was its effect on Churchill? Did it mean you had electricians up there working on that job who were not able to get electrical equipment?—A. It was the construction tradesmen, and it meant that the electrical work at Churchill was delayed; it was not a production strike.

Q. With respect to this dual chapel at the bottom of page 3 at a cost of \$156,000, you also refer to page 2, Table C and it shows the dual chapel \$156,000 and lower down there is an item for \$343,772 for the balance of the construction of the above. How much of that \$343,000 should be added to the \$156,000 to arrive at the cost of the chapel?—A. The table I think will explain that. The first column carried the heading "Approved Expenditures" and the second column "Final Cost", and the final cost of the dual chapel was \$156,000.

Q. That is the final cost. There is not something to be added to that later?—A. No.

Q. I think you told Mr. Herridge you have not a similar chapel somewhere you can compare this cost with?

Mr. DAVIS: We have no other chapel of this design built. It was developed for Churchill.

Mr. DICKEY: I see it includes utilidors and that I presume would mean included in the cost of the chapel is the cost of something in connection with another building in the vicinity?

Mr. DAVIS: They are the utilidors for the service.

By Mr. Applewhaite:

Q. I think you have answered my next difficulty on page 663—R.C.E. Workssshops Stores and Offices. That \$268,623 is the final complete cost?—A. That is correct, sir.

Q. I wonder if at this time you would explain please the meaning of that item of \$343,772, July 12, 1951, at the bottom of page 672 Table C?—A. The contract with the Foundation Company for the work that is listed there commencing with the dual chapel, joint school operation centre and so on is in a sense in two parts in that the original contract was awarded by Canadian Commercial Corporation and then when Defence Construction was formed we

took over the administration of the contract and it was during the administration of Defence Construction that the items that are listed beginning with the dual chapel were added to the contract. It was during the administration of Defence Construction that it was necessary to increase the total authority for expenditure under the contract by \$343,000 as indicated in order that all of the work included in that contract including the work let under the administration of C.C.C. would be completed.

Q. That is as it were a second contribution towards the final cost which is shown in column two?—A. That is correct.

Mr. APPLEWHAITE: In connection with these R.C.E. Workshops, have you a similar establishment to that elsewhere in Canada that you could compare the cost with?

Mr. DAVIS: We are developing a standard design for the R.C.E. work shops but as yet we have not constructed any since the war.

Mr. APPLEWHAITE: This building was to have been completed on November 15, 1951, and was finally completed November 12, 1951. How has it stood up since then?

Mr. JOHNSON: There have been no reports of any difficulties in connection with the building.

Mr. APPLEWHAITE: Has it had any money spent on it since?

Mr. DAVIS: The only money that would have been spent is the routine maintenance which would be carried out on any buildings. There is no record of any expenditure which might stem from defects in the construction.

Mr. APPLEWHAITE: Page 5, of mimeographed statement, last paragraph, in connection with the water treatment plant, it has been somewhat amended. Frankly I have only glanced at the amendment. In your original paragraph you said "It is hoped that satisfactory adjustment in this plant will take place in the spring", that meant the spring of 1953?

Mr. JOHNSON: Yes, sir.

By Mr. Applewhaite:

Q. Will you tell us what you are doing for water until that satisfactory adjustment is made?—A. The water has been satisfactory for drinking purposes and for the boilers. The problem has been that the properties of the water have created a condition that has rusted or caused corrosion in the piping system, and it has been that problem to which these experts in this field have been devoting themselves. They now feel they have solved this problem by the addition of silica. There never was a question of danger to health of any of the personnel and it did not involve any difficulties in the operation of the boilers. It was basically that the pipes were in danger of rapid deterioration and, as I mention in my amended statement, the feeling is they have solved the problem by the addition of silica to the treatment plant.

Q. There was never any question of the water you have been using not being fit for human consumption?—A. No, that has always been fit for human consumption.

Mr. DICKEY: The point is that the treatment plant makes the water satisfactory for human consumption and fit for use in the boilers, but it does not fully meet the corrosive problem.

Mr. JOHNSON: That would be my understanding of it.

By Mr. Applewhaite:

Q. On page 665, Married Quarters. There is a reference six lines from the bottom of the page—look out now, because I am going to frame you. What is the reference to Christmas recess—the work was retarded partly due to weather and partly due to the Christmas recess.—A. It has been the practice for construction workers to have a Christmas vacation in Churchill.

Q. Of approximately how long?—A. From seven to eight days. It has not been uniform; from year to year it varies.

Q. Then it was possible to do construction work during December and January?—A. Interior work.

Q. This was interior work which you are referring to here?—A. Yes, that would be interior work that would be referred to in that paragraph.

The CHAIRMAN: Mr. Applewhaite, I was trying to make some sense out of this memorandum which comes from the meteorological division, and this is the way that I understand it: Extreme wind speeds at Churchill recorded in January of 1950, 35 miles per hour; 1951, 26 miles per hour; 1952, 38 miles per hour. For those who are there, it is a cold wind.

Mr. BOISVERT: May I be permitted to ask one or two questions, Mr. Chairman. Is it possible to erect buildings of any considerable size in wintertime at Churchill?

Mr. DAVIS: The question was whether it would be possible to—

Mr. BOISVERT: To erect any buildings of importance or size which would require deep foundations?

Mr. DAVIS: It would not be practical to commence the erection of buildings during the winter season. For that reason we have to concentrate construction during the summer and to close in the framework of the building to an extent where they can provide heat and continue the construction during the winter.

Mr. BOISVERT: And how long is the winter season at Churchill?

The WITNESS: Seven to eight months, I would say, because the construction season is limited to about four to five months.

Mr. ADAMSON: How long is the navigation season at Churchill?

Mr. DAVIS: I have some figures here of the average mean temperatures at Churchill: January—19 below; February—18 below; March—6 below; the average in April was 14 degrees; May, 30 degrees; June, 43 degrees; July, 54 degrees; August, 52 degrees; September, 42 degrees; October, 27 degrees; November, 6 degrees; December—11 degrees below. Those are average mean temperatures.

Mr. FLEMING: The temperatures are always mean up there.

Mr. DICKEY: One or two questions, Mr. Chairman. I was particularly interested in this question of permafrost, and I gathered from the evidence that it is not possible to simply go down through the layer that is not permafrost and just put your foundation on the permanently frozen ground, as you would on bedrock or something of that kind.

Mr. DAVIS: That is correct.

Mr. DICKEY: It is not possible to do that.

Mr. DAVIS: Well, you do that, but you do more than that.

Mr. DICKEY: Why do you have to do more?

Mr. DAVIS: When you are dealing with rock conditions, once you establish a suitable base on which to erect your foundation you can construct your building in a normal way, but on permafrost you have to get down to a point where you can get the bearing which is required and then to insulate to prevent the heat from your building disturbing the permafrost and causing unstable conditions which would reduce the bearing power of the ground.

Mr. DICKEY: Do you mean to say the foundation you lay on the permafrost might eventually melt the permafrost?

Mr. DAVIS: The foundation would not melt it, but if you did not insulate the building, the heat within your building would possibly melt it and be likely to disturb the permafrost, rendering soil conditions unstable.

Mr. DICKEY: How do you do that insulation?

Mr. DAVIS: The insulation is done by covering over your permafrost with gravel, and beyond that insulating the bottom of your building in the same way, and to a greater extent than would be normal on your walls and roof in ordinary building conditions.

Mr. DICKEY: In other words, you would excavate down the necessary depth to, or in, the permafrost, and you backfill with an insulating layer of gravel plus insulation of the floor or on the bottom of the basement of the building?

Mr. DAVIS: That is correct.

The CHAIRMAN: Mr. Davis, the Americans have had considerable experience, in working in cold country? Was there anything that was learned from them?

Mr. DAVIS: We have taken advantage of the experience gained by the Americans, but in a good many cases we have had to develop our own designs based on the type of building which we were considering. The majority of American buildings were of temporary construction designed for the purpose of the war only, and the loading was not comparable to the more permanent buildings that are being put up now.

The CHAIRMAN: The American buildings in Alaska, surely are of a permanent nature.

Mr. DAVIS: Yes. We have also buildings in Whitehorse which have the same general conditions of permafrost. We have experience which has been utilized in designing these buildings.

Mr. GEORGE: Did you learn anything from the Russians on this subject?

Mr. DAVIS: We have no exchange of information with them.

Mr. JUTRAS: How many storeys are these buildings? Are they two storeys, or more?

Mr. DAVIS: The general standard is two storeys.

Mr. ADAMSON: The naval building up there is entirely erected on permafrost.

Mr. DAVIS: I would think that is quite correct with the majority of the buildings.

Mr. ADAMSON: And it contains fairly heavy equipment, I think. Has there been any settling?

Mr. DAVIS: No. There has been no report of that. If you keep your permafrost stable, there is no reason why you should have any difficulty.

Mr. ADAMSON: That is a three-storeyed building, actually?

Mr. DAVIS: The naval station? Yes. But that is a special building. I understand the Americans lost a hangar during the war, in Alaska, due to lack of adequate insulation which caused this settlement which you mentioned.

Mr. ADAMSON: How deep does the permafrost go, up there? Do you know?

Mr. DAVIS: Frankly, I do not know how deep it goes.

Mr. ADAMSON: I understand it goes to 400 feet at Eldorado.

Mr. DAVIS: It certainly goes below the distance where we have any cause to use it.

The CHAIRMAN: Gentlemen, have you any further questions? The last ten or fifteen minutes will be occupied with something else, but we have about five minutes left.

Mr. APPLEWHAITE: I had a few questions, Mr. Chairman, but I am willing to defer them.

The CHAIRMAN: You may have about five minutes at this time, if you wish.

Mr. APPLEWHAITE: Very well, and you will stop me when you want to. I want to ask about page 665 and this suspended acoustic ceiling for the school. Whose decision was that, and at what stage of the construction was that decision arrived at?

Mr. DAVIS: The suspended acoustic ceiling is normal practice in that form of building, and to the best of my knowledge that was in the original design.

Mr. APPLEWHAITE: The statement on page 665 reads as follows:

Early in 1952, a revision occurred when it was decided to install a suspended acoustic ceiling which, in turn involved some alterations in the electrical installation and air conditioning duct work.

Mr. DAVIS: The design which we are building now is our standard design and it makes provision for that type of ceiling. It was presumably as a result of the investigation which was made it was decided to convert to this suspended type of ceiling.

Mr. APPLEWHAITE: Have you any idea what the additional cost was as a result of that?

Mr. DAVIS: It is not reflected separately in the figures. But the difference might be in the nature of 90 cents to \$1.10, or something in the nature of 20 cents a square foot.

Mr. APPLEWHAITE: And the extension to the heating plant?

Mr. DICKEY: The difference between 90 and \$1.10 might be an additional 20 cents per square foot?

Mr. DAVIS: An additional 20 cents per square foot, yes.

Mr. APPLEWHAITE: The extension of the heating plant as shown on page 673 of Table C is given as \$460,227. Is that the final cost of the extensions, repairs and additions only?

Mr. JOHNSON: The final costs are not available yet on that, sir. The figure given there of \$460,227 is the cost that has been paid through the progress estimates to date, sir. It covers two additional heating boilers, the re-roofing of the existing central heating plant, the substitution of two 500-horsepower boilers for two 300-horsepower boilers, and the extension to the existing central heating plant. Inasmuch as the work is complete, I think that the figure of \$460,227 represents nearly the final cost, but all the figures are not in yet, sir.

By Mr. Applewhaite:

Q. It does not include the original cost?—A. It does not include the cost of the original heating plant.

Q. What do you value the whole plant at now, or what have you got in it?—A. The figure might be in the order of \$700,000 to \$750,000, but that is just a guess I make without checking. On the basis of cost, shown here that is probably the order of the figure.

Q. That is including the \$460,227 here?—A. That is not including that.

Q. Then the total value would be well over \$1 million?—A. Well over \$1 million, sir.

Q. In the last paragraph?

The CHAIRMAN: Would you mind letting it stand, please?

Mr. APPLEWHAITE: May I just ask one more question on this heating plant, Mr. Chairman?

The CHAIRMAN: Very well.

By Mr. Applewhaite:

Q. Right at the end of the section dealing with the heating plant it refers to certain repairs to "Q" panels and so forth, and the quotation reads as follows: "The repairs were included as items of cost of the work, as there was no suggestion of negligence on the part of the contractor." Does that mean that these repairs are included in the \$460,227?—A. The fact is, sir, that I have received further information in respect of that statement. The item was

covered by insurance. It appeared as a change in the progress claim, and that is why the statement reads in the way it does, because the contractor was paid. But the amount was recovered from the insurance company.

The CHAIRMAN: Mr. Fleming asked a question about Sault Ste. Marie. I think Mr. Johnson is now prepared to answer it verbally.

Mr. FLEMING: Mr. Chairman, my question arose out of a reference at the last meeting of a week ago when we discussed the cost-plus contract, and the item on page N-29 of the public accounts, the construction of the armouries at Sault Ste. Marie. The amount of the contract was \$1,184,000-odd, and then there was a contract for engineering services with another firm of \$43,400. Is it a fact, Mr. Davis, that these armouries were completed about February, 1952?

Mr. DAVIS: That is correct, sir.

Mr. FLEMING: What unit is located at Sault Ste. Marie for which these armouries were constructed? Is it an artillery unit?

Mr. DAVIS: There are two units. One is an artillery unit, and one is a technical squadron of the R.C.E.M.E.

Mr. FLEMING: Who designed the armouries?

Mr. DAVIS: The plans for the armouries were prepared by the Works Services of the army in 1946.

Mr. FLEMING: Now, were the armouries designed with a view to there being artillery or guns in the armouries, housed there?

Mr. DAVIS: To the best of my knowledge, yes.

Mr. FLEMING: What was your experience after the armouries were opened and the guns were moved into the armouries?

Mr. DAVIS: We have had some trouble with the floor of the gun shed.

Mr. FLEMING: Is it a fact that as soon as the guns were moved in, the floor began to crack, and the guns had to be taken out immediately?

Mr. DAVIS: It is correct that the floor cracked, and the guns were removed until we could carry out an investigation and find out the reason for it.

Mr. FLEMING: Is it a fact that the guns have not since been returned to the armouries?

Mr. DAVIS: I could not say whether they have been returned or not.

Mr. FLEMING: Is it not a fact that they have remained stored in the hangar of the provincial air services ever since?

Mr. DAVIS: Again I could not give you the information on that.

Mr. FLEMING: Perhaps you will look into it. And you said that an investigation was undertaken. Was that investigation not begun on the 1st of November, 1952?

Mr. DAVIS: No, it was carried out much earlier than that.

Mr. FLEMING: When did the district engineer come to look over the situation? Was it not about the first of November, 1952?

Mr. DAVIS: It is quite possible there was an inspection at that time, but there was an investigation before that period.

Mr. FLEMING: What report did he make on the condition of the floors with reference to supporting the weight of the guns?

Mr. DAVIS: Which report are you referring to?

Mr. FLEMING: I was speaking of the report of the command engineer who came up to look over the situation.

Mr. DAVIS: I have not received any report from the command engineer, but I have an analysis made by a consultant on the condition there.

The CHAIRMAN: Let us have it.

Mr. FLEMING: Who was the consultant?

Mr. DAVIS: The consulting structural engineer was Mr. A. E. Cross.

Mr. FLEMING: What was the gist of his report with reference to the ability of the floor to support the stress.

Mr. DAVIS: I will read: "We believe these cracks to be due to the unusual moment set up by the movement of such heavy concentrated loads. We do not suggest there is any immediate danger of this slab failing, but would recommend that discretion be used in storing guns, leaving good aisle space between them, and that a watch be kept on the floor for future cracks."

Mr. FLEMING: Is it not a fact that you got a report from an engineer, I believe an engineer in the service, to the effect that the concrete floor would require an additional 6 inches of concrete, and that even then the guns could only be supported on the floor if kept close to the wall.

Mr. DAVIS: I have seen no report to that effect. I know there is an investigation being conducted as to the best means of strengthening this floor.

Mr. FLEMING: Have you reviewed all the reports on this matter on your file Mr. Davis?

Mr. DAVIS: I cannot say I have reviewed in detail all the reports that have been submitted to the army.

Mr. FLEMING: You know the nature of the report I am speaking of, and I wonder if you would have a look for that, bearing on this question, that the view, I understand, was expressed that the floor did require an additional 6 inches of concrete and that even then the guns would have to be kept close to the walls, otherwise the floor could not be trusted to support them without cracking, and in that event the guns could not be traversed.

Mr. DAVIS: I think I can answer that question. The whole basis for this difficulty was that the regiment has been re-equipped with a heavier type of equipment.

Mr. FLEMING: American 90 millimeter guns?

Mr. DAVIS: I cannot give the details of the equipment, but I have the weights of the guns.

The CHAIRMAN: Let us have them.

Mr. DAVIS: The weight of the guns was 20,636 pounds with a weight on the front wheels of 9,156 pounds, and a weight on the rear wheels of 11,452 pounds. The wheel base was 11 feet 6 inches, and the track was 6 feet 7½ inches. That is the mark 1 and 1-A. The mark 3—

Mr. DICKEY: What equipment was that, the original equipment or the new equipment?

Mr. DAVIS: These were the characteristics of the guns on the floor when this difficulty was encountered, and that is the equipment which I understand is being used now.

Mr. ADAMSON: Are they anti-aircraft guns?

The CHAIRMAN: They must be.

Mr. DAVIS: I cannot give you details of what they are used for. I merely have the load, but I understand they are anti-aircraft guns.

Mr. ADAMSON: I think they would be.

The CHAIRMAN: Can you give the weights of the other equipment that was intended to be supplied?

Mr. DAVIS: I can give you the resulting weight. The resulting weight is 271 pounds per square foot, and 263 pounds per square foot, but the floor was originally constructed and designed for loads up to 150 pounds, so that it appears that new equipment is over the loading for which the floor was

designed, and that as a result of that it has shown cracks. We have had an analysis made, and are considering the best means of carrying out repairs to it, and reports which I have seen from consultants indicate that there is a type of repair which could be carried out, and which will give a satisfactory floor on which we can use the existing equipment.

Mr. FLEMING: Is it not a fact that the design of the building was to accommodate light anti-aircraft guns, 40 millimeter equipment only, whereas, even before the new American equipment was introduced, the fact is that this was a heavy anti-aircraft unit using 3.7 guns which are considerably heavier than the 40 millimeter guns, and was that not all known before the building was constructed?

Mr. HUNTER: 3.7 inch guns.

Mr. DAVIS: I could not give an answer off hand to that. I can only give you particulars as to what design and what equipment was used. I know the equipment was changed, but I cannot give the dates.

Mr. FLEMING: Perhaps you could look into that.

Mr. DAVIS: Certainly.

Mr. FLEMING: I understand that where these buildings are located now is three miles away from the new armouries, and the men supposed to be training with them have their lockers at the armoury and have to change there, and then go three miles away to the provincial air force hangar.

Mr. DAVIS: As I say, I am not in a position to answer that.

Mr. FLEMING: Then perhaps you could look into that. Then there is the question also as to the height and as to whether the guns, when elevated, required more ceiling room than is available.

The CHAIRMAN: Just one minute, Mr. Fleming. Have you anything on that?

Mr. DAVIS: I have not details on that, but I could find that for you. We certainly have had no report as to any inadequacy of the height of the ceiling.

Mr. FLEMING: Then one other point, Mr. Davis. Is it not also a fact—and if you do not know perhaps you could look into it—that during the winter months the provincial air force is using its own hangar, and that this equipment during the winter months, or much of it, has to be left out of doors because there is no space in a provincial hangar to accommodate it?

Mr. DAVIS: I will find that out for you.

Mr. FLEMING: Then there is one point which arises out of some of the questions you are going to look into, and that is the loss of time in moving personnel between the armouries and the place where the equipment is located three miles away.

The CHAIRMAN: He will have an answer to that.

Mr. APPLEWHAITE: Before this meeting adjourns—I am sorry I did not have an opportunity of reading it—but I am going to ask for an amended answer to a question. I have not had time to look up the question, but the answer just given to me reads as follows: "The amount of lumber involved in the warping of the studding of the corridors of two Officers' quarters and one N.C.O.'s quarters at Penhold totalled 42,069 board feet of 6 inch by 2 inch."

The question I asked was the total amount of lumber delivered at Penhold which was found not to be up to standard.

The CHAIRMAN: Yes, I remember that.

The WITNESS: That is intended to be the answer.

Mr. APPLEWHAITE: This just refers to the lumber involved in the warping of the studding—

The WITNESS: If I may explain, that is the amount of lumber with respect to which there was a problem. As I mentioned at the time this item was

discussed, the lumber was thought at the time of its arrival at Penhold to meet the specifications, but the fact was that it was a very wet season and this lumber is subject to absorption of a considerable amount of moisture. When the lumber was actually used in the studding of the corridors of the buildings mentioned in the return warping was evident and it showed up in the waviness of the corridors. The amount of lumber on which remedial action had to be taken was the 42,000 odd feet mentioned in the return.

The CHAIRMAN: We will now adjourn until next Tuesday, to hear Mr. Mansur, President of Central Mortgage and Housing Corporation.

The committee adjourned.

Appendix No. 68

Reply to Mr. Fulton

Terminal Construction Limited, Contract at Goose Bay, Labrador

Total payments made on this contract up to March 31st, 1952 were \$2,084,789.76.

(Tabled on April 16, 1953)

Appendix No. 69

Reply to Mr. Fulton

Francois Jobin Inc., Rehabilitation of Morton and Palace Hill Plants

Total payments made on this contract up to March 31st, 1952 were \$266,343.20.

(Tabled on April 16, 1953)

Appendix No. 70

Reply to Mr. Applewhaite

The amount of lumber involved in the warping of the studding of the corridors of two Officers' Quarters and one NCO's Quarters at Penhold totalled 42,069 board feet of 6" x 2".

(Tabled on April 16, 1953)

Appendix No. 71

Reply to Mr. Applewhaite

Terminal Construction Limited, Contract at Goose Bay, Labrador

Total payments made on this contract to date are \$4,752,851.18.

(Tabled on April 16, 1953)

Appendix No. 72

Reply to Mr. Thomas

Electrical Distribution—Penhold

Plans and specifications for this work were not available until the middle of September 1951. In order to save time, it was decided to negotiate, through Alexander Construction Limited, with his electrical sub-contractor. This decision was reached when it became known that Alexander Construction had obtained three quotations for the electrical work involved in the original Twelve Building Contract and, in consequence, had awarded a sub-contract to Sunley Electric Limited.

On September 22nd, 1951, a quotation was received from Alexander Construction Limited in the amount of \$146,179.85 for the installation of the Electrical Distribution System. This figure, compared with the estimated cost

by C.M.H.C. Estimating Department of \$121,245.00, and Messrs. Main, Rensaa, and Minsos' estimate of \$140,000.00 seemed high and, as a result, Sunley Electric were invited to Ottawa for discussion.

On October 30th, a meeting was held at which the following were present:—

C.M.H.C. Electrical Estimator.

Chief Engineer—C.M.H.C.

R.C.A.F. Electrical Engineer.

Sunley Electric Limited.

As a result of this meeting, the quotation was reduced to \$141,000. C.M.H.C. Estimating Department conceding the fairness of the quotation due to their lack of knowledge of certain details of the work, relating to its integration with the existing system at the site, which it had not been possible to accurately estimate without site inspection.

The quotation of \$141,000.00 is made up, as follows:—

Sunley Electric Limited Quotation.....	\$	134,175.00	
Alexander—Fee for supervision, etc.....		6,285.00	(4.66%)
	\$	<u>141,000.00</u>	

(Tabled on April 16, 1953)

Canada, Defence Expenditure
Special Committee on 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 24

Including MEMORANDA on Namao, Esquimalt, Victoria
Area, Rocky Point and Cold Lake.

TUESDAY, APRIL 21, 1953

WITNESS:

Mr. D. B. Mansur, President, Central Mortgage and Housing Corporation.

CORRIGENDUM

No. 12—Minutes of Proceedings and Evidence of March 10.

Page 315—paragraph 3—26th line thereof the words
Wednesday June 4, 1951 should read *Wednesday, June 4, 1941.*

MINUTES OF PROCEEDINGS

TUESDAY, April 21, 1953.

(26)

The Special Committee on Defence Expenditure met this day at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanche, Boisvert, Cavers, Croll, Decore, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, McIlraith, Parkes, Stick and Thomas.—(22)

In attendance: From Central Mortgage and Housing Corporation: Mr. D. B. Mansur, President, Mr. J. D. Ritchie, Executive Assistant, Mr. W. G. Connolly, Supervisor (D.N.D. Housing), Mr. J. A. Jones, Chief Engineer. From Defence Construction (1951) Limited: Mr. R. G. Johnson, President. From Department of National Defence: Messrs. H. A. Davis and W. R. Wright.

The Chairman tabled copies of three memoranda by Mr. Johnson as follows:

1. On Namao and Namao Park with tables D and E showing details of contracts;
2. On Esquimalt, Victoria area and Rocky Point with table F also showing details;
3. On Cold Lake with table G showing details of contracts and change orders.

The above memoranda were ordered printed as *appendices* Nos. 73, 74 and 75. Also tabled and ordered printed as *appendix* No. 76 was an answer to a question by Mr. Fleming respecting low tenders.

The Chairman referred to the visit which was made to Camp Borden on Monday, April 20th and said that arrangements would be made to visit a radar station should the members so desired.

Mr. Mansur was called.

The witness distributed a mimeographed list of questions by members of the Committee which were referred to Central Mortgage and Housing Corporation and which related to married quarters, schools and landscaping.

Mr. Mansur's replies included the following:

1. Copy of letter of agreement respecting municipal schools;
2. Copy of an agreement for D.N.D. schools to be administered by an existing school board;
3. Copy of an agreement for D.N.D. schools to be administered by a school board or trustee nominated by the Minister of National Defence and appointed by the Provincial Government;
4. Agreement for D.N.D. schools in British Columbia to be managed by a trustee nominated and appointed by the provincial authorities.

The above answers were ordered printed as *appendices Nos. 77, 78, 79, and 80* respectively.

In answer to a question by Mr. Fleming asked on March 12th, Mr. Mansur circulated a table on landscaping contracts for the Department of National Defence married quarters and schools which will appear as *appendix No. 81* to this day's evidence.

The witness also tabled a list of D.N.D. schools built under contract with Central Mortgage and Housing Corporation. (*see appendix No. 82 to this day's evidence*)

The Committee decided to resume its examination of Mr. Johnson at the next meeting.

At 1.05 o'clock p.m., the Committee adjourned to meet again on Thursday, April 23, at 11.30 o'clock a.m.

A. PLOUFFE,
Clerk of the Committee.

EVIDENCE

April 21, 1953.

11:30 a.m.

The CHAIRMAN: Gentlemen, I am going to place on the record statements by Defence Construction on Namao and Namao Park, Esquimalt, Victoria Area, Rocky Point and Cold with Tables D, E, F, and G. You already have had copies of statement on Namao.

Then I have an answer to a question by Mr. Fleming which was asked on March 26 at page 499 of the minutes of proceedings and evidence No. 17. (For above, see Appendices Nos. 73, 74, 75, 76.)

Gentlemen, yesterday members of the committee had a very useful day when they visited Camp Borden. I merely indicate it to those who were unable to make the trip. If members of the committee will indicate to me that they would like to see a radar station I think it can be arranged. It will take two and a half to three hours to travel there by car and we will be able to return the same day.

Mr. STICK: I move that we visit a radar station.

The CHAIRMAN: If there are sufficient members interested we can arrange it.

Our witness this morning is Mr. D. B. Mansur, President, Central Mortgage and Housing Corporation. He will immediately deal with some questions that were previously asked by members of the committee.

Mr. D. B. Mansur, President, Central Mortgage and Housing Corporation, called:

The WITNESS: Mr. Chairman, at previous meetings of this committee there were a number of questions which were referred to Central Mortgage and Housing Corporation for answering at a later date. There is a list of them which I think is being distributed. They divide into three categories: married quarters, school and landscaping.

On March 10th, Mr. Herridge asked the question "What is the average cost for providing married quarters for each family and the average cost per soldier for providing single quarters, that is, sleeping and messing?"

The average cost for married quarters is \$10,670. The average cost per soldier for providing sleeping and messing accommodation is \$2,900 made up of \$2,400 for barracks and \$500 for messes.

On March 12th Mr. Adamson asked: "Would the specifications for the Department of National Defence married quarters conflict with the housing specifications in the area?"

I think this is related to any troubles which might arise as to married quarters within an urban municipality not being up to the requirements of that municipality's building standards. We have had very little trouble in that respect, I think, largely due to the fact that the veterans rental program gave an opportunity for these problems to be resolved with the municipalities. As a result our organization knows the requirements of the municipalities and the specifications are drawn accordingly. In our specifications, particularly in the electric and plumbing specification, the requirement is up to the standards of the Canadian electrical code or the municipal standard whichever is the higher, with the result that in a municipality the electrical and plumbing is brought

right up to the requirements of the municipalities. I have made inquiries and I can find no cases in recent years where there has been a difference of opinion between ourselves and the municipalities in that respect. Our local construction staff have worked closely with these municipalities for a great many years, and I believe that all the difficulties on that score are resolved.

On March 12, Mr. Adamson asked "Is there any method of checking as to the relative cost per cubic foot for defence construction and comparing it to cost of civilian construction in the same area generally. The houses used for married quarters would be the best comparison, perhaps the only comparison?"

As I indicated to the committee when I was before it last year, we keep track of the cost of married quarters in relation to our operations under the National Housing Act. Generally, the cost of married quarters ranges from about 95 per cent to 105 per cent of the lending value which we would put on comparable civilian housing. I refer to the actual construction cost in that comparison because the matter of ground services is quite different when you get into married quarters than it is in the civilian field. A few examples might indicate how close they are. In Toronto there are units being built at Downsview and the average cost per square foot is \$8.25. In North York we selected a housing project financed under the N.H.A. which we believe is comparable. The lending value was \$8.22. Another house in Etobicoke, \$8.45 a square foot. And in London the bungalow type house for the Department of National Defence cost \$8.52 as compared with one we selected at \$8.70 under the National Housing Act. In the case of the storey-and-a-half houses at London our cost was \$7.48, which by the way is much lower than we are getting generally, and compares with something around \$8.10 which we would allow under the terms of the National Housing Act. I would think, Mr. Adamson, that the answer to your question—and it must be qualified because they are not absolutely comparable—is that the cost of the married quarters is in the range of about 95 to 105 per cent, depending on location and number of units. If we have a project in an outlying area, for instance in Chilliwack, all the tradesmen have to be brought in from Vancouver to Chilliwack because Chilliwack has not enough sub-tradesmen to look after a large project. The same would apply at Comox. The cost is higher at Chilliwack than you would expect in the greater Vancouver area. The range I think is 95 to 105 per cent and the ceiling established by the Department of National Defence for the cost of these houses is at about 110 per cent of the lending value that would apply under the National Housing Act.

By Mr. Adamson:

Q. You mentioned that the civilian house was about \$8 a foot as lending value. Now, what is the relationship of lending value to the actual cost of construction?—A. It is our best estimate of the actual cost of construction in that area after allowing a reasonable profit to the builder, and that is the basis of the National Housing Act, and upon that lending value we will lend 80 per cent under the ordinary National Housing Act loan and 90 per cent in the case of a defence worker.

By Mr. Fleming:

Q. What is a reasonable profit to the builder?—A. I think something of the order of 7 to 9 per cent under today's conditions.

By Mr. Applewhaite:

Q. May I ask a question in that connection? Is the lending value never brought down because you consider the cost of construction is abnormally high at the time or in that area.—A. There are a number of areas where

builders feel that the cost of construction, as represented by the lending value, is completely unrealistic because it is too low.

Q. Who is?—A. The lending value. During recent years the cost of construction has risen so continuously that there has not been a reduction in our level of lending values since the end of the war.

Q. And are you satisfied that your lending values today are up to the actual cost of construction?—A. Generally I think yes, because our lending values form the basis of the maximum sales price, as you know, for some 80 per cent of the loans made under the National Housing Act. A higher loan is made providing the builder will sell within our maximum sale price. That maximum sale price is based on our lending values. Eighty per cent of the houses being built for sale are sold under that maximum sale price, and that is the reason why I believe, if anything, the lending values are rather higher than they might be because I believe that the builders are doing extremely well.

By Mr. Adamson:

Q. You mentioned \$10,000 cost in which is included an 8 per cent profit, which is, taking a hypothetical case, \$800. Therefore the value of your house excluding the building cost is \$9,200, and 80 per cent of that, which is lending value, is \$7,360.—A. No, our lending value, sir, is the \$10,000, and the 80 per cent loan would be \$8,000.

Q. It includes that. Then you take \$8,000, therefore when you are building a defence construction it is done on the usual profit of the builder, that is approximately the same ratio as the ordinary civilian housing project?—A. I think that the average builder who is doing married quarters is probably shooting for 10 per cent and is probably getting something in the range of 6 to 8, maybe as high as 9. Now, I cannot prove that Mr. Adamson. That is just my feeling. I may say that builders are not very anxious to disclose just how they do on each one of our projects, but that is my impression and feeling.

Q. Serviced land is completely out of it?—A. Yes.

Q. And in civilian building as in military building?—A. Yes, Mr. Adamson. In order to give you what we felt was a reasonable comparison we felt we had to take out the serviced land because the circumstances are so different.

Q. I quite agree. I think you have to do that. I just wanted a comparison.

By Mr. Hunter:

Q. That is just the pure cost of construction other than land services?—A. It is the actual cost of construction, footings, foundations, framing and completion.

On March 17, Mr. Pearkes asked a question: "Mr. Davis referred to 'the apartment type of accommodation' which is being provided for married quarters. Could he give the committee any idea as to the relative cost of building the apartment type and the cost of maintaining the apartment type in comparison with the type which is more general, that is, individual houses?"

The individual houses as I mentioned earlier are \$10,670. The apartment type is \$13,500. I might say, Mr. Chairman, that in that apartment type, provision is made for conversion into barrack accommodation if occasion should arise, with the result that extra plumbing and electrical work is roughed-in so that such electrical and plumbing work will be there should such conversion be necessary. There might be something of the order of \$500 extra in that price of \$13,500 on that account.

The second part of the question deals with the cost of maintenance of the apartment type in comparison with the type which is more general, that is the individual house.

On the basis of the experience of the Central Mortgage and Housing, I would think that in the early years there would not be a great deal of

difference between the two maintenance costs. It will take the form largely of interior decorating, but I would think that as the years went by, say after five or ten years, the apartment type of dwelling will have lower maintenance costs than the individual units. There is one other important difference too, and that is that the apartment type of unit probably has a lower heating cost per annum by some \$60 to \$80 a year I would think.

By Mr. Pearkes:

Q. May I ask a question. I notice in a lot of these individual buildings, some are almost side by side, and in other cases they are separated in fairly wide spacings. Is there any reason why a large number of these houses are so widely spaced, because that must add to servicing, heating costs, maintenance, roads, drains and all that sort of thing, plus the landscaping which is necessary around it. Are some of these houses for different ranks, or is there any particular reason why some are far more widely spaced than others?—A. Well, General Pearkes, in the early stages of married quarters, the lots I think ran up as high as 100 feet. It became obvious that the occupants were having the greatest difficulty in looking after these large expenses of land. When we became associated with the Department of National Defence in the married quarters program, we suggested, and they readily agreed, that lots 75 & 100 feet in width were too big and generally speaking the layout at the moment is on a 50 foot basis. I believe that the 50 foot basis is probably the best compromise that can be found. I think that anything lower—the next step down would be 40 feet—would bring you back to some of the undesirable features of some of our metropolitan communities. On the other hand, if we went to 60 feet, I feel you would get into the very type of trouble which you have mentioned, so that the plot planning of these projects generally is taking the form of 50 foot lots. Now, some of the projects General Pearkes, the Radburn type—as it is called in the United States,—in Canada we call the Wildwood plan—take the form with the roadways around the back of the house and with the front of the houses looking out on to open park areas with the sidewalk going down the center. That tends to increase the landscaping cost as you have suggested, and although it gives a very attractive layout, it does have the effect of raising costs, not only original landscaping costs, but also continuing maintenance. I think that whereas 15 or 20 of these projects have been done in what we call the Wildwood fashion, that the trend now is back to the conventional layout.

Q. After all, service personnel are continually changing. They are not like civilians who purchase a home and expect to keep it for 20 or 30 years perhaps. Service personnel are changing quite frequently, and perhaps every two years. My experience is that I do not want to be bothered keeping up a park. I am glad to hear that the wide spacing is not being used.—A. I may say that we have done a certain amount of promoting with the Department of National Defence, and they have accepted in certain instances, row housing. I think there is a great deal to be said for row housing with the lots kept down to virtually the width of the row housing and with the playing space and lawn areas provided in bulk rather than being flanked to each one of a group of individual houses.

Q. How many houses have you to the acre on the 50 foot lot?—A. About four and a half sir, on the average with 120 foot depth. They can be squeezed to five, but about $4\frac{1}{2}$, compared with the apartment house density of about 18, the row housing is 8 to 10.

By Mr. Adamson:

Q. So the density in the Wildwood which I presume is the zig-zag streets and that sort of thing, is approximately half of the row houses which in turn

are approximately half of the apartment houses?—A. That is right. The ratio is one, two, four.

Q. What is the objection to having the apartment type of house. Is it more expensive?—A. Mr. Chairman, I think the basic difficulty to apartment houses, as being the general rule for married quarters, is the fact that apart from the province of Quebec, the housewife in Canada believes that an individual house is the only proper place to bring up a family. There is tremendous resistance among the English Canadian housewives generally to bringing up children in apartment house accommodation.

Mr. HERRIDGE: Very sound resistance.

The WITNESS: I believe it is to that reason more than any other reason that you would look for the justification of the married quarters program being predominantly single units. Strangely enough there is an equal prejudice in English speaking Canada against semi-detached houses. Semi-detached houses are very general in the province of Quebec at all price levels and to increase the densities it would be very nice if those could be used, but I believe in spite of the economics of going into multiple forms of one kind or another, we still have to meet in large degree the manner in which the English speaking Canadian housewife feels it is best to raise her children.

Mr. ADAMSON: The psychology outweighs the economic in this case.

The WITNESS: I think that is correct.

Mr. HUNTER: When you are speaking of lending values you spoke of lending values less the value of the land?

The WITNESS: The lending values exclusive of the land and all things relating to land.

On March 10th Mr. Fleming asked: "Is information available showing location and cost of these schools?" I have with me a list of the schools and their cost.

By Mr. Larson:

Q. To go back to the matter raised a moment ago as to the utility of these housing units outweighing the economic fields, I take it you are discussing the amenity outweighing the economic factors when you are in an outlying area with relatively cheap space?—A. Yes. There are certain areas where it is quite impossible to meet the amenity value of single units. Halifax is a prime example where there just is not that much acreage available. I do feel, however, that in most cities in Ontario, and West of Ontario, there is a pretty strong desire for individual units. As a general rule I am not sure that multiple accommodation would be too suitable.

Q. For instance, the Department of National Defence would not consider the amenity value above the economic value if it was necessary to build in a congested area where the value of the property and that kind of thing was so high it would run into terrifically excessive cost?—A. I think not. I think they are very conscious of the cost level.

The CHAIRMAN: Would you deal with the schools?

The WITNESS: Mr. Chairman, on the schools it will be noted there is quite a wide variation between the costs of like schools in different areas. All of these schools were put out to competitive bid. The cost when it was over our estimate was a matter of consultation between ourselves and the Department of National Defence. The need for the schools was immediate and those were the considerations which determined whether we would proceed with the schools.

There was a question asked later on as to the cost of an auditorium. It will be noticed that the stage three and four schools have an auditorium. It was Mr. Fleming I believe who asked: "Could you produce a figure on the

cost of constructing the auditorium?" Our estimating department has been busy and using three different approaches towards it came out in the range of estimate of \$87,000 to \$92,000. With those three approaches we would guess that the added cost of an auditorium was in the order of \$90,000. The cost of schools has been a worry to us.

By Mr. Fleming:

Q. The auditorium you are speaking of is a standard auditorium?—A. Yes, there is accommodation for about 900 people. The area is 10,560 feet and I think they are the same in every one of the schools, and we believe that the school would be built without an auditorium for about \$90,000 less than if it had an auditorium.

Q. Is the seating in that auditorium all on one floor or is there a gallery?—

A. There is a balcony with room I would imagine for about 150 to about 200 people but the main seating is on the level.

Q. Is there a stage?—A. Yes.

Q. And equipment for the stage?—A. Curtains only.

Q. Is there lighting equipment or anything of that kind?—A. I am informed there are footlights and curtains.

By Mr. Applewhaite:

Q. What floor is the auditorium usually on?—A. Generally all the schools built for the Department of National Defence are one storey buildings. At Grade level or slightly above.

The cost of schools has been a matter of considerable concern to us and it is also shared by school boards all over the country. There have been certain limits established beyond which it was thought it inadvisable to proceed. There are four schools, one at Comox, Moose Jaw, Saskatoon, and Penfold which are not presently proceeding because we were not able to get what would appear to be a reasonable cost. The limitation of room cost—construction only—has been set at \$27,000 for frame and \$30,000 for masonry. Those are the outside limits.

Now, when bids approach those limits they are reviewed. To that there must be added the cost of the land, the services, landscaping and outside playing area, another 10 per cent.

By Mr. Fleming:

Q. Are those figures based on consultations with school boards and boards of education? You are in contact with the problems of administering various other works in the Department of National Defence and I take it that the figure you arrived at is based on wide experience and co-operation?—A. Yes. In the original instance the plans were produced by architects appointed by the Department of National Defence, the plans were produced, and we made some suggestions towards reducing cost with which the Department of National Defence agreed. The plans were brought to a point where there was general agreement as to their satisfaction to the Department of National Defence. We then went to the province of Ontario and spent a couple of days consulting with them. They made some further suggestions and the plans came down pretty well to the Ontario or up to the Ontario level, I am not sure which. The plans were discussed with other provinces, and in British Columbia because of local conditions they asked for some changes which we made, but generally speaking the schools are standard. They are costly as all other schools are at the moment. I do not think that the costs of the National Defence schools are too far removed from the general costs of a school in the country if you remember that a number of the schools, in fact most of them, are built in

outlying areas where it is necessary to bring the tradesmen, plumbers, electricians and other skilled tradesmen from the major centres, the job being too large for the local supply of tradesmen.

Q. If I recollect right, the figure you quoted a year ago to the Banking and Commerce Committee as to the cost of equal construction in relation to cost of service and land was at least \$25,000. Has there been any movement upwards in the intervening years?—A. I would think that there was a theoretical movement upwards of perhaps 2 to 3 per cent, but that varies quite a bit as between localities; 2 to 3 per cent on a national basis. The school costs throughout the country, not only National Defence, are under very serious scrutiny at the moment. The Minister of Education in Ontario the other day made the announcement he would not make a grant toward schools costing much over \$24,000 a room. Manitoba has taken drastic action towards reducing costs of schools. I think that the cost of construction is slightly upwards and there is a movement on foot practically countrywide to get the standards down.

The CHAIRMAN: Standards or costs?

The WITNESS: Standards.

By Mr. Herridge:

Q. You mentioned a frame construction and masonry construction and a big difference in the cost per room. What is a masonry school?—A. A masonry school is one which might be of 8 inches of brick. Or it might be of single brick, 4 inches of brick with tile backing or cement block backing.

Q. In view of what appears to me to be a very slight increase in cost for a masonry school, why did you not decide to build masonry in place of frame?—A. The general differential in the opinion of our estimators is about 10 per cent. I understand it is the policy of the Department of National Defence to vary the quality of construction by the type of the station. A long term station—I forget the exact technical term—tends to go to masonry—school and everything, while some of the other stations go to frame, and I think that the schools are made to coincide with the policy with respect to other buildings in the area.

By Mr. Larson:

Q. I take it that after observing schools at Camp Borden and others the plan of school building is to build primary schools on the ground level?—A. Yes.

Q. I agree with that completely because I do not think small children should be on the second or third storey because of the fire hazard and other difficulties and I feel that in our level of social development in this country we should look at those things. There is only one question in my mind. Is there any great difference between the cost of a school on one level or decreasing your ground space and putting it on two or three floors?—A. I would think that a two-storey school would run 15 or 20 per cent less than a one-storey school of the same amount of schoolroom area.

Q. I agree with you entirely: primary grades or small children should not be faced with the fire hazard and other hazards of being on several levels, and my own opinion is that is a very wise choice to build these primary schools all on one level in spite of the extra cost.

MR. JAMES: Is there any movement in Ontario to get back to the two-storey schools?

The WITNESS: No, not that I have seen at all. I do not think you would find many schoolboards in Ontario who would accept the principle of a two-storey primary school at the present time. I have not seen one being built at all.

MR. HUNTER: What is the objection?

The WITNESS: I think the theoretical objection is getting children upstairs and making them subject to a fire hazard. I think that the absolute rigid adherence to single storey schools is a fashion to a large degree. I cannot believe that there is any very great difficulty in having children of ten to thirteen years of age walking up one flight of stairs into a classroom. A great many people have done it and not been burnt up.

Mr. GEORGE: Fire hazard in these buildings is not very great.

The WITNESS: On March 12 Mr. Wright asked: "Has the department a standard agreement which they enter into with the local schoolboards for service personnel children who are attending local schools and is it uniform across the dominion?"

I have with me the standard agreements. Apart from minor modifications in British Columbia and a modification in the province of Quebec they are virtually standard. The modification in the province of Quebec is that under their educational statute only ratepayers may be school trustees and therefore in the province of Quebec it is not possible to appoint men on the station as the school trustees and as a result schools in the province of Quebec are in the private school category. They fit right into the Department of Education.

By Mr. Adamson:

Q. Are school trustees administered by non-military personnel?—A. It falls into the category of a private school administered by the military personnel. It cannot be a public school because the trustees of the schoolboard must be ratepayers and none of these men are ratepayers. Where school children are looked after in existing public schools within the municipality the technique is in an exchange of letter setting forth the details and there is a copy of the letters here.

Q. Is the curriculum of the private schools entirely in the hands of the military authorities?—A. No. The private school system in the province of Quebec ties into the public school system and the curriculum is the subject of advice from the Department of Education. There is not a great deal of difference in the curriculum, but in the point of the corporate structure there is a great difference between the two.

By Mr. Fleming:

Q. I have a few questions on this statement which you have tabled in regard to Department of National Defence schools built under contract with Central Mortgage and Housing Corporation. In the last column you have the heading "Cost—School Services, Landscaping, etc." What do you include in school services there?—A. Well, there would be water and sewer and the road, coming in from where the trunk services are to the school. There would be the grading, there would be the sodding or generally seeding, there would be hard topping of an area for the very small children as a play area, and generally things which you see within a school area in a large municipality.

Q. Does that work out according to any pattern which would enable you to say what is a fair or standard percentage of the cost of school services, landscaping, etc., on top of the cost of the school only?—A. About 10 per cent, sir. On March 12, Mr. Fulton asked another question about the cost of schools and I think that is answered by the tabulation which is now before you. I mentioned that the cost of the auditorium is \$90,000.

By Mr. Fulton:

Q. You have an item—second to the last item on the list—where you show the cost of the school only at \$61,370. The description of that item is that it is a steelbox six-classroom school. That is a prefabricated type of school, is it not?—A. Yes.

Q. What type of prefabrication is that? What type of material?

Mr. HUNTER: We saw one at Camp Borden yesterday.

The WITNESS: It is one story, the walls and the roof are of steel and, in addition, there is a prefabricated steel ceiling at the 10-foot level. The steel portion is really the shell above the foundation level plus the ceiling of the room. Apart from that, the school is very much the same. There are important limitations, though, on the size.

By Mr. Fulton:

Q. Am I correct in saying that the last item at the bottom of the list appears to be a more expensive type of construction than that constructed of steelox?—
A. Yes.

Q. Is it as satisfactory as the others?—A. I do not think it is as satisfactory as a traditionally built school. I think they will be hot in the summer and cold in the winter.

Q. You do not think they have solved the problem of insulation at all?—
A. I have some doubts on it. Although you remember, Mr. Fulton, I mentioned those four places where we were having trouble getting schools built at a reasonable price. Well, our people and the Department of National Defence are considering trying to do something with steelox in order to get these schools in at a reasonable price. I do not think they are as good. I do not think their operation is as good. I believe that in the cost of schools, after all, there is a certain amenity value which is quite important to a child going to a school which is everybody's idea of a school rather than into a steelox building.

M. CROLL: That is enough for me; I saw one yesterday at Borden.

The WITNESS: It might be a galvanized shed.

By Mr. Fulton:

Q. I take it that its appearance is not as attractive—that is what you are saying?—A. I do not think the appearance is attractive. I have some doubts as to the effect of heat and cold, and they are not very flexible.

Q. You mean from the point of view of expansion and accommodation?—
A. Yes. I would not pretend to be an expert on that and I would like to consult with our officials before I give you a further answer on that.

Q. Has any one of these schools been up long enough for you to have an experience with them over a complete year, say, summer and winter?—A. No, not yet. Maybe we can answer that question better next year.

Q. What can be done with respect to improving the appearance and the insulation, in your opinion, and yet keep the cost factor reasonable? Would that improvement bring the cost up to practically the same as for a traditional type school?—A. I am afraid it might. There is one other point, Mr. Fulton, and that is, whereas we say a six-room steelox, there is considerably less accommodation in those six rooms, they are more cramped, and it is difficult to put in facilities. I would rather suspect that if you took a steelox school and tried to dress it up so that it would be more acceptable from the amenity point of view, the cost of that would approach the cost of traditionally built schools.

Q. What about the materials for that type of construction—steel, I take it, it is. Is there any difficulty in the supply?—A. At the moment, no. There was at one stage, but at the moment virtually none. In fact, I think they are vigorously selling it.

By Mr. Adamson:

Q. I just wanted to ask you a question or two about that school we saw at Camp Borden yesterday, where we learned that it cost \$35,000 a room. It was, of course, complete with gymnasium and auditorium, and certainly it

appeared to be a very well appointed school indeed. Now, I do not know whether you want to answer this question or not, but the government of Ontario has put a top limit of \$24,000 a room for school construction. That being the case, what is going to happen to the auditoriums and to two-story schools?—A. My guess is that a lot of the auditoriums will go. I would guess that rather elaborate social science and manual training rooms might be trimmed a bit. I do not know—I am not really expert enough to give you an answer to that, but I would be surprised, though, Mr. Adamson, if they went to two stories. I think there is a hard core of resistance to that by public school boards, and I think the local school board reflects public opinion on it, too.

Q. It is like the psychological objection to multiple houses—they do not want two stories in schools.

The CHAIRMAN: Mr. Mansur, when you say the auditorium will go, that will mean really more than the auditorium; it will mean the gymnasium must go, and the community centre must go. At Camp Borden, for instance, does not the community centre go when the auditorium goes?

The WITNESS: It seems to me there is a very great difference between an auditorium at Camp Borden and an auditorium in the centre of one of our larger cities. It is perfectly true that in Ottawa the technical school auditorium is used for the benefit of the community, but there are other alternatives to it, but when you get into places like Camp Borden, Shilo, or Rivers, there is just no place in that community to get a group of people together. I think that in looking at the cost of these schools, if that was a questionable item it would be quite fair to take a large proportion of that \$90,000 figure I suggested and apportion it to a requirement for 400 to 500 families who are living there. There are children's Christmas parties—do you realize that in a place like Rivers or Shilo it would be impossible to have a children's Christmas party were it not for this auditorium, and I believe in the outlay that you could well put 50 per cent to 75 per cent of the auditorium into the amenity value necessary for that community.

By Mr. Fulton:

Q. This question of mine might get us into the field, perhaps, of speculation, but I was wondering whether a community centre entirely separate from the school could be provided at a lesser cost than if it was provided with the school. Certainly a community centre separated from the school would not be as convenient, but it would give them the facilities necessary for this social work. I think perhaps we are getting too far into the field of speculation, but it might be a possibility that these community facilities could be provided separately from the school building for the reasons you pointed out and provide them with the less expensive type of construction by separating them.—A. Except for one thing, Mr. Fulton. I think they could be provided possibly at less cost, but the construction of a school auditorium at a campsite has a dual purpose—the adults do not need it during the day and the children do not need it at night. So I think that the benefit of the auditorium as the community centre, say, of Shilo, is the fact that it is thus doubly used and conveniently located for the children and just as convenient for the parents at night.

Q. Well, that double feature could be preserved in a separate community centre which could be built close to the school—the children could use it during the day and the parents at night.—A. Well, there is a question of getting the school children out of doors in all kinds of weather, Mr. Fulton. I think if I were the commanding officer in one of these stations and was given the choice, I think I would like my community centre to be actually part and parcel of the school. There is one other thing. You must remember that in a community centre you run right into the whole question of toilet facilities for a large group

of people. In the school, the toilet facilities are getting double use. So I think I would vote for a community centre to be adjacent to the school.

Q. Would you cast your vote merely on the basis of convenience or the basis of economy as well? In other words, you say that you do not think there would be any appreciable economy?—A. There is one appreciable economy by having it part of the school. When we fell heir to the wartime housing projects, we had some 22 community centres scattered through our larger projects and in these community centres we had to have a separate janitor and someone to look after it, whereas in having it right in the school you have your heating, cleaning and the rest centralized, and I think that provides a very important economy as against having it 100 or 200 yards away.

MR. APPLEWHAITE: Are these auditoriums in every case also gymnasiums?

THE WITNESS: Yes.

THE CHAIRMAN: Mr. Fulton, don't you think these auditoriums have an educational purpose? Have you considered that they can do teaching collectively to a great number of children, who in that way meet each other once a day and get to know each other.

MR. FULTON: Mr. Chairman, I know what an auditorium in a school is used for—no doubt about that. I was only indulging in speculation with Mr. Mansur as to whether the same facilities could be provided at some less cost and with some less convenience. He has said the problem of school construction, the type of school building that we insist on, schools having to be built to certain standards, makes the construction inevitably expensive. It seems that cost is added to appreciably when, in a certain type of school construction, we include a large auditorium. I was discussing with Mr. Mansur the possibility of whether we could provide the same facilities at a lesser cost, even with lesser conveniences, and yet serve the same dual purpose of adults and school children, and I think we have had an interesting discussion on that.

MR. McILRAITH: There is just one further matter, Mr. Chairman, I want to pursue with respect to the difference in cost between a separate building and a school auditorium. In addition to the matters you have mentioned, if you had the community centre in a separate building wouldn't you have to pay for all the items that are represented by the difference between the last two columns in your table, that is of services, landscaping, sidewalks, roadways?

THE WITNESS: That is correct, Mr. McIlraith. I do not think there would be any money in it myself.

MR. GEORGE: I would like to mention that in my own province of New Brunswick I think they are putting these auditoriums together with the schools. Is there any place that you know of where these community centres—or if you want to call it an auditorium—where they have been built separately?

THE WITNESS: I cannot think of one.

MR. McILRAITH: What about your old wartime housing projects?

THE CHAIRMAN: He objected to that arrangement.

THE WITNESS: There was no school involved there. Those community centres in wartime housing projects were quite expensive to operate. They caused us a great deal of trouble. We have been reasonably successful in transferring the administration and responsibility of them to various community groups who are much better qualified to do a good job than is Central Mortgage and Housing Corporation in that respect.

THE CHAIRMAN: Who else is qualified to do a good job!

THE WITNESS: I think a community centre is a local matter. We are a national organization and I think any national organization, whether it be Central Mortgage or anyone else, would have the greatest trouble managing a community centre in St. Catharines, say, to the satisfaction of everybody in St. Catharines.

Mr. GEORGE: The point I am trying to arrive at is this: we are not giving any greater accommodation or conveniences to the people in those isolated centres than we are giving them in our own home towns.

The WITNESS: That is correct.

Mr. HUNTER: I do not follow the reasoning that it would be cheaper to build these buildings separately. In fact it would strike me as being more expensive to build them separately. For instance, in the building itself there would be four new walls to be built for the separate building, whereas if built together some of these walls would be common walls. Also, you would have to have a separate caretaker, separate provision for gardening. It strikes me the trend would be more costly to build them separately, rather than cheaper.

The WITNESS: I do not think there would be any difference. I think what might be a difference if it was not part of the school, you might be able to bring the community building down to a more modest type of building than is possible by building it as part of a school.

Mr. FULTON: That was my point.

Mr. ADAMSON: As you are aware, the Department of Education of Ontario has laid down a figure of \$24,000 per room for a school building. We have expenditures here which show that a school building costs at the rate of \$35,000 a room. I was wondering how the Ontario government can meet that price.

The WITNESS: It is going to be very difficult and I do not know that it will be accomplished, but there is a trend right across the country of dissatisfaction by provincial authorities with the cost of schools, and that dissatisfaction is shared by the municipal councils against the wishes of the school boards.

Mr. HERRIDGE: It really springs from the taxpayers.

By Mr. Larson:

Q. In your experience, is the tendency to be considered desirable by boards of education and educational authorities that the parent-teacher associations should become closer and that there should be more co-operation between parents and teachers?—A. I think in the postwar period that parent-teacher movements have probably taken greater strides than they had taken in the previous 15 years.

Q. Following that then, it would be more difficult, would it not, to get the parent-teacher associations operating successfully if they were centered around the community centre rather than around a school?—A. Yes. I think it is an advantage in having it part of the school. I may say that in these costs of schools there are two things that should be borne in mind—and I make no apologies for the costs; we do the best we can; we went out to bid, we have refused bids, and we went out to bid again, and we did everything we can to get these costs down. As I say, there are two factors. One is the general outlying areas, and, secondly, there is an atmosphere of hurry, hurry, because if your housing is coming along, and the station is going to be put into operation soon and you virtually have to have a school, so you are not in the best trading position when the need for the school is so immediate.

By Mr. Fulton:

Q. So far as you know, Mr. Mansur, is your school construction program pretty well complete, or do you anticipate that you will be having a lot of orders on hand of which you know nothing yet?—A. Those four that I mentioned, Mr. Fulton—there is one at Comox; there is one at Penhold; one at Moose Jaw, and one at Saskatoon, where we are having very real troubles in getting a satisfactory bid. For instance, at Penhold the bid came in at \$184,000 ex the services, with all that it will come to about \$210,000, and

the ceiling we have in mind on that is \$180,000. At Comox, the cost of the bid looks like about \$220,000 as against what we think should be \$180,000. The same situation exists in Comox and Saskatoon. Those four are causing trouble. Those will have to be built, I understand, according to the Department of National Defence and we are squirming just as hard as we can to find a way to do it within reasonable costs. Now there are two schools which have just been awarded, a four-room extension at North Bay and a six-room school at Trenton. There are 26 schools, 25 of which are completed, one nearing completion in Trenton. The one at North Bay and the one at Trenton, and those four I mentioned to you, and there is a big one to go up at Uplands, which has not yet gone to tender.

By Mr. Adamson:

Q. Ten roomed?—A. Yes, outstanding at Uplands. There is a four-room one at St. Hubert outstanding, there is a two-room steelbox at Aylmer that is outstanding, and there is a four-room—we are planning a steelbox at Fort Nelson. That is the outstanding program, perhaps in all some $1\frac{1}{4}$ million or $1\frac{1}{2}$ million.

By Mr. Applewhaite:

Q. Will there be schools involved at Gagetown?—A. We have not had advice on Gagetown as to what is going to go on, but I would imagine there would be quite a few schools.

Q. But there will be permanent schools there in time?—A. Mr. Chairman, there will surely be schools there, but which one of the arrangements they will go up under I do not think anybody knows at this point.

By Mr. Fulton:

Q. The point I am trying to ascertain is whether we are talking about all expenditure or whether we are talking about something which is current for which there will be involved a sizeable commitment in future.—A. There is a ratio between married quarters and the number of schools. About 80 per cent of the school program is definite, and complete as it relates to the married quarters we now know of, including those married quarters that are all complete and are not complete. There is something of the order of $1\frac{1}{2}$ to 2 million in schools still ahead—

By Mr. Applewhaite:

Q. Leaving Gagetown out?—A. Yes, leaving Gagetown out.

By Mr. Fulton:

Q. We are discussing whether or not it is going to be possible to reduce your costs and so on, and whether it is worth considering.—A. Yes, I think anything to reduce the cost of school building would be a great public service, not only to us but to everybody else.

Mr. ADAMSON: We were told yesterday at Borden that they needed eight rooms next year, and 14 more rooms a year after that, so at Borden alone you require expenditure on the construction of 22 further school room.

The CHAIRMAN: I think he said there was great productivity at Borden. One other point is that the 18-room school has 18 class rooms, a kindergarden, two girls playrooms, and two boys playrooms, which is 23, plus an auditorium. Eighteen is a bit of a misnomer in there since it really has 23.

Mr. ADAMSON: Well it has virtually to be doubled during the next two years.

The CHAIRMAN: Yes.

Mr. GEORGE: Canada is growing.

The WITNESS: Mr. Chairman, Mr. Fleming asked a question about a \$40,000 grant in aid for the Sea Island school. At one time the financial encumbrance was sent to us on that \$40,000, but we never had any negotiations in respect to that school at all. I understand it was done by the Department of National Defence. All I can report is that we do not know anything about it. There was some sort of deal made by defence on that.

The CHAIRMAN: I thought that was your question. It will be answered by someone else.

By Mr. Applewhaite:

Q. Mr. Chairman, may I ask three questions on schools. Have you the overall construction cost figure per pupil?—A. It would be about \$1,000.

Q. Have you any knowledge of the same figure for the present construction as undertaken by school boards?—A. It would vary. In Manitoba, by building schools which are economical—I will put it that way—I think they have the cost down to \$500 or \$600. I would think that in Ontario and in British Columbia the cost was of the order of \$1,000.

Q. And the other question I wanted to ask was, what is the estimated average lifetime for the schools you are building now.—A. I can see no reason to believe that the schools, frame or masonry, will not be satisfactory schools 50 years hence, unless the vogue in schools changes as greatly from the present ones as it has from the ones I attended.

Q. But you are building for 50 years service?—A. Yes. They are good buildings. There is nothing skimmed on them at all, and I believe that these are buildings which will last with proper maintenance.

The CHAIRMAN: Just while we are talking about schools, you will forgive me if I take advantage of you as an authority. There is something troubling me respecting the matter of schools. I gather you are saying in effect that our costs are about the same as the board of education expenditure in Ontario and British Columbia.

The WITNESS: After allowance for the outlying area and the nature of the job.

Mr. HERRIDGE: Talking about the lifetime of schools, it may interest the committee to know that I went to a school 50 years ago which cost \$500 for 25 pupils, and it is in good condition, and in use today.

The CHAIRMAN: Someone who is in that school now will say the same thing 50 years hence, perhaps even in this room.

Mr. ADAMSON: Except the part about the \$500.

The CHAIRMAN: That will have changed. But, what is troubling me is that the boards of education in my province, and I think it is true in most provinces, are always accused of being extravagant with their money in building these alleged palatial schools. The Department of National Defence and the Central Mortgage and Housing with a world of experience, are building for about the same cost. Now, what becomes of the suggestion that these boards of education particularly in Ontario are extravagant. It doesn't make sense.

Mr. APPLEWHAITE: Are you mining for the school board?

The CHAIRMAN: No, I was always a member of the council, never a member of the school board, but I always thought they are unfairly kicked about.

Mr. McILRAITH: The school boards are not extravagant in Ontario. They are too hard up.

Mr. FULTON: But he says his problem is that his costs are high because he feels they have to build schools of the same standard as are now being built, and the same problem of cost is going to be faced by both.

Mr. LARSON: The situation we are running into here is that it is necessary that we have this defence build-up. We could do it on the war-time basis on which I operated in which they do not have schools, or married quarters or anything. On the other hand, now we are going to build these married quarters which are like a small suburban community. I do not know whether it is a fair question for you to comment on, but would it be impossible to get the standard of recruitment that we need, and the section N.C.O.'s and people like that, if we did not have these things.

The CHAIRMAN: It would be quite unfair to ask him to comment on that.

The WITNESS: That is something I would not know about. I believe it is almost axiomatic that these people with children who live in married quarters areas should have schooling of a quality that has nothing second class about it, and it seems to me that any other approach today would be a quite impossible one. After all, these families are gathered together in the married quarters area, the housewife, the mother, is anxious that her children receive all the advantages that they would receive were they in another place, and I do not think you could do much but maintain a reasonable facsimile of what these families would receive in educational facilities throughout the country.

Mr. FULTON: Perhaps you could meet these demands while following the line we discussed earlier. You would not actually detract from your facilities or reduce the standard in any way, and yet you might be able to make a lot of saving in cost, and that may be of great assistance to the school board.

Mr. LARSON: Has that been established?

Mr. GEORGE: No.

The WITNESS: The most common complaint I have heard about the modern school at the moment is that the gymnasiums which cost a great deal of money, must be provided in the schools to give the children the exercise they do not get because they come to school on a school bus.

Mr. APPLEWHAITE: You could wipe out the school bus and the gymnasium, and they would off-set each other.

The WITNESS: There was a question asked on landscaping. Mr. Fleming asked three questions on March 12th concerning landscaping, and I think the three questions are answered by a tabulation which I have copies of here.

Mr. Chairman, the tabulation which we are giving you are of the landscaping costs broken down by contractor as requested by Mr. Fleming. I think that the word landscaping is pretty embrative. The word landscaping is general, and includes grading and all other things that have to be done to the site. It will be noticed that the costs vary quite a bit. If you get a site such as Barriefield, which is nothing but sheer rock, the grading there has been not only a difficult, but an expensive problem. You need much more top soil in that location than in a location like Rivers. The landscaping, which includes grading is an effort to bring the community up to that which would be expected in any community of like kind.

The landscaping consists of grading, sodding and seeding. In most cases it is seeding, back to about 10' behind the house. Generally speaking we would expect the grading and the landscaping and the bringing of anywhere from 3" to 6" of top soil, to run about \$300 per unit. There is a variation there. Some of them will run under, if you are in a favourable place. But at Barriefield I think the costs are three times that, because you started actually with nothing. St. John's, Newfoundland, would be another very difficult one, where there is no top soil at all.

All of these contracts are the result of competitive bids. The competitive bid is based upon the minimum amount of work which we think should be done, together with a firm unit price for any extra work. For instance, you may think there are 10,000 yards of grading to do, but it turns out that there are 14,000 or 15,000 yards. And he has a unit price for grading which makes provision for the extra quantity. The same thing is true with top soil, and it is true with all items under these landscaping contracts. I think that is all I have to say on that, Mr. Chairman.

By Mr. Fulton:

Q. Would that be your explanation why there is a very high proportion of change orders?—A. Yes, Mr. Fulton. In the case of grading and landscaping, the very nature of the contract is that you keep the quantities to the minimum because if you award a contract on what you might say were maximum quantities, it would be very difficult to get a contractor to forego the profit that he would have made, had there been that much work to do. So generally you take what you think is the minimum amount of work. In practically every case the work will go beyond any quantity that was anticipated when the contracts went out. I think it is prudent to keep the quantities low, with a unit price to carry them up to the exact quantity, rather than to do the reverse, let us say, where you have awarded a contract at X dollars to be decreased at unit prices.

Q. Would it not be normal if you were asked to excavate, to give a unit price, let us say, for 5,000 yards, and that your unit price would be rather more in that case than if you were asked to give a price on 20,000 yards?—A. Yes. Those prices are reasonably standard and they cover our running in 20 to 30 per cent of sites where we are in an area of competition. I might say that it is one of our most difficult jobs to ensure that those quantities are indeed right because, if there is grading to be done, it is being done today; and if you are there tomorrow or the next day, it is all done, and you do not know what was moved. Therefore it is an extremely difficult type of work to administer.

Q. I was not thinking so much of the actual dirt which was spread, but in the principle. Do I understand you to say that the principle which was followed in the awarding of a contract as to an additional amount specified was that you found it better to under-estimate the total amount that may be required and get a unit price on that, rather than to apply a larger figure and get a unit price on that? I think that if you were going to move a larger amount, the contractor would have quoted a lower price per unit?—A. Let me put it this way: On grading and landscaping contracts we, like everybody else, expect that the unit price will be applicable. I would think that our estimate is a fair estimate of what it would be, but we expect generally that the unit price will be operative in addition to the best price. I think I expressed myself badly previously.

Q. Do you try to negotiate a lower unit price as the amount of units increase?—A. No. Generally speaking we have had the greatest difficulty getting competitive bids on it. We have had one or two bids, but one or two bids is not very satisfactory. There is a tremendous amount of that work going on throughout the country, with not too many people to do it. With a great many of those contracts we get what we think are ridiculous prices, and there has to be negotiation even down from a firm bid price before we will accept it.

The CHAIRMAN: Mr. Mansur has completed his evidence. He will not be back. At the next meeting we will hear Mr. Johnston again on Thursday. Thank you very much, Mr. Mansur.

The committee adjourned.

APPENDIX No. 73

DEFENCE CONSTRUCTION AT NAMAO AND NAMAO PARK

By R. G. JOHNSON

There are two Service sites, just south of Edmonton Griesbach Barracks, an R.C.O.C. Depot at Namao Park, and the R.C.A.F. Station at Namao airfield. The Ordnance Depot at Namao Park has been enlarged by the addition of seven buildings and at the R.C.A.F. Station, considerable additions are being made.

Total contracts at Namao and Namao Park amount to \$18,363,809. The dollar value of work completed amounts to \$8,832,854, of which sum, \$7,717,841 has been paid to date.

R.C.A.F. STATION, NAMAO

Dealing first with the Royal Canadian Air Force projects at Namao, we have 11 construction contractors now engaged on buildings or other works. Three other contractors have completed the work under their contracts and are off the site. Three manufacturers hold supply contracts for this project. The completed works are 1 remote transmitter building and one remote receiver building, built by Christensen and Macdonald Ltd., a VHF/DF building erected by the Bird Construction Company, a road to the radio building built by the Municipal District of Sturgeon, and a water main and booster pump installed by Dominion Construction and Lumber Ltd. These works were carried out in 1950-51.

The eleven contractors now working at Namao are building 47 buildings and 7 other works. I have with me a tabulation of the contracts for work at Namao, amounting to \$14,685,660 which, if the Committee so desired, might be incorporated in the record.

The contract for the water storage and pumphouse was awarded in June 1951 to Burns and Dutton and was to be completed by August 30, 1951. Change Orders extending the contract to include the supply and installation of the chlorinating equipment and pumping equipment were issued in the early Fall of that year. The chlorinator was delivered and installed in November 1951 and the pumping equipment arrived in January 1952. There was a long delay waiting for delivery of a right angled gear for the pumping equipment. In November of 1951 the contract was extended to include a motorized valve for the pumping station and the best delivery on this item was 6 months with an even longer period for the controls for the valve. All special equipment except the controls for the motorized valve was installed by September 1952. Successful tests have been made on the pumping equipment and the storage tank. The lack of controls for the motorized valve does not prevent the equipment being used; these controls will be installed as soon as they are received.

A contract was awarded in March 1952 to P. W. Graham and Sons to construct a Combined Mess, an Officers' quarters building, an NCO quarters building, and a 180-man Barrack Block. The required completion date was set at June 30, 1953. Construction of all four of these buildings was slowed by a spell of wet weather in June and July, while the contractor was working on foundations. There were further delays in October and November because a priority was given to structural steel for the Central Heating Plants. All buildings are going ahead satisfactorily now and it is expected that they will be completed by midsummer.

The contracts for the Central Heating Plants were awarded in August 1952, one to P. W. Graham and Sons and one to Poole Construction Company. Contracts to supply and install the boilers were let to Foster Wheeler Limited in

January 1952. Both these buildings were delayed in the fall of 1952 by slow delivery of structural steel but are now going ahead quite well. The boilers are being shipped this month and erection of them will start shortly.

In October 1952 a contract was awarded to Marwell Construction Company to construct a cantilever hangar and workshop. The requested completion date for this building is February 1954. Work started on this site on October 9th but was held up for a week while the building was resited. Since then the work has gone ahead satisfactorily. Although the requested completion date allows us a very short construction period for a building of this size, if the structural steel is delivered in May, as promised, there is good reason to believe that completion by the requested date will be realised.

Marwell Construction also have the contract for the largest building at Namao, the R.C.A.F. Supply Depot. The contract was awarded on the 29th May 1951 and while it got off to a slow start, progress is now very satisfactory and the building itself, without the equipment, will be completed by this summer.

Four contracts were awarded recently on which work will not be started until Spring. Meanwhile, the contractors are ordering materials to provide for an early start. These are:—A sewage pumphouse and water reservoir—Sparling-Davis Co. Ltd. A gun-testing stop butt—Wappel Concrete Construction Co. 36 explosive storage buildings—W. C. Wells & Son Ltd. 4 standard explosive storage buildings—Alberta Quonset Sales Ltd.

In addition, we have contracts for:—An electrical distribution system with Sunley Electric Company which will be completed about one month after the Spring break-up. Installation of water and sewer services with Sparling-Davis Company on which some work was done in the fall of 1952 and which will be continued as soon as the frost is out of the ground. Installation of gas mains with Northwestern Utilities. This contract was awarded in November 1951 for an 8" main to the Central Heating Plant. It was extended in September 1952 to include a 4" main to the Heating Plant for the Supply Depot and in October to include a temporary main to the Combined Mess and the Supply Depot. The 4 inch high pressure main to the Central Heating Plant will be completed in the Spring of 1953.

In accordance with our policy of retaining consultants for specialized phases of the work, local consultants have been retained for supervision, as follows:—The firm of Main, Rensaa and Minsos to supervise the Supply Depot and the mechanical work in the Central Heating Plants. The firm of Underwood, McLellan and Associates to supervise the installation of water and sewer services. The firm of Rule, Wynn, and Rule to do shop and field inspection of the structural steel for the Cantilever Hangar. The firm of Keston and Longworth to supervise excavation, formwork, and placing of reinforcement and testing of concrete for the Cantilever Hangar.

The Building Maintenance Section of Defence Construction (1951) Limited have been responsible for three contracts for the Royal Canadian Air Force at Namao:—The exterior covering of Hangars and Warehouses was placed in November 1950 with Axel Johnson Construction Limited in the amount of \$77,328.00. The installation of gas burning equipment was placed in October 1951 with A. W. Fisher Company Limited in the amount of \$18,217.00. The rehabilitation of one warehouse and the interior repair of two hangars was placed in September 1951 with Pool Construction Company Limited in the amount of \$59,128.00, which was subsequently increased to \$80,593.00.

All these contracts have been completed.

NAMAO PARK—ARMY

In connection with the development of the Army installations at Namao Park, we have nine contractors engaged on six buildings and six other works, the total contracts amounting to \$3,678,149.

The firm of Burns and Dutton are constructing: two Ordnance warehouses, a tape relay building and a RCEME workshop. These contracts were all awarded in June 1951. The two warehouses were scheduled for completion in August 1952. The very heavy rains in the summer of 1951 prevented the contractor from starting until late in August. During this time a site investigation was made by Dean Hardy of the University of Alberta and the footings as shown on the standard plan were re-designed to meet the soil conditions. Construction was therefore about three months behind schedule when the severe units weather set in. To have carried on a full scale operation through the winter would have meant extra costs of about \$100,000. Rather than incur this cost the required date was set back to December 30, 1952. Completion would have been realized by that date had not a strike by plumbers halted work from November 11-December 20. This with the Christmas-New Year shutdown delayed the work two months. These buildings are substantially complete, but turn-over to the RCOC has been postponed so that a revised system of lighting may be incorporated.

The tape relay building was 90 per cent completed by the required completion date—November 19, 1951, with only the finish stucco coat and some paving being left for completion in 1952, and some electrical equipment still to be installed. Delivery of this equipment, a voltage regulator, was not made until February. This equipment was installed and the Army occupied the building on March 12, 1952. Just at the time the contractor was finishing up the outside work an addendum was issued incorporating air conditioning in this building. Although the change order covering this was issued in May the equipment was not available until the end of July. The building was completed by September 26 and accepted by the Army on October 17, 1952.

Work started on the RCEME workshop on July 6, 1951. No work was carried out from September 30 to February 15, 1952 because structural steel was not available. After the steel arrived in February good progress was maintained and the building was completed by the end of October.

The firm of C. H. Whitham Co. Ltd. was awarded a contract to construct a Central Heating Plant at Namao Park in May 1951. The contract for the supply and installation of two boilers was awarded to Vulcan Iron and Engineering Co. Ltd., in September 1951.

Work on the building proceeded well until late August when the contractor encountered delays in getting approval of structural steel drawings. Detailed plans for the structural steel were not available until March 15, 1952. Steel erection began April 9. The first boiler was in operation and the building virtually completed by November 19 when the Army took over operation of the completed boiler. At 12:05 A.M. on November 21st that boiler exploded, causing considerable damage to the boiler and the building. It is expected that the damage will be repaired and the building completed within a few months.

Hume and Rumble Limited were awarded a contract in May 1951 to erect a transformer sub-station at Namao Park. Work started in August and by mid-September it was 65 per cent complete. At this stage the contractor had to wait four months for delivery of steel. By the end of February 1952, the sub-station was completed and the contractor had only to make the underground connection to the sewer lift, erect the overhead lines to the warehouses, and build a fence around the sub-station. Work on these items was carried out in the Summer and on October 15 the installation was ready to be turned over to the Army.

A contract was awarded in January of this year to Bennett and White for the construction of a Command Supply Depot at Namao Park. Work started on January 20 and the contractor expects to start erecting steel within a few weeks.

Other contracts at Namao Park are for outside services:—a contract with C.N.R. to construct a railway spur was awarded in October 1952 and completed on November 15. A contract awarded in June 1951 to Northwestern Utilities Limited to install an 8-inch gas main to serve the Central Heating Plant. This main was completed in December 1951—but the contract was extended to include a regulation and measuring station and again to include pressure gas lines to the RCOG Warehouses. All work on this contract has been completed. A contract, awarded in July 1951 to Sparling-Davis Limited for Paving, Drainage and Water Services. This work started in September 1951 and by the end of that year the sewers, water mains and hydrants were well in hand. Work ceased for the winter, but recommenced in May 1952. The original plans and specifications provided for open ditch surface drainage. In July, 1952, however, further consideration was given to this problem, as a result of which, the design was amended and extended to include an underground storm drainage system and revised grading. The designers, Messrs. Ripley and Associates took over supervision of the work in August 1952. At the present time, the whole of the grading, sanitary sewers, and water mains are completed. The storm drains, culverts, sidewalks, fencing and sodding will be carried out during the coming season. A contract was awarded in January of this year to Provincial Engineering Limited to install an underground steam distribution system. Work will commence on this contract, as soon as the frost is out of the ground.

(Tables D and E accompany this statement.)

TABLE D: NAMAQ PARK

NAMAQ PARK—ARMY

Contractor Description of Work	No. of Bids	Range of Bids	Original Contract	Amendments	Total Commitment
1. Burns and Dutton					
A. Warehouses 2 and 3	3	1,698,000 1,993,270	1,698,000	60,080	1,758,080
B. RCEME Workshop.....	5	280,000 325,356	280,000	81,338	361,338
C. Tape Relay Centre.....	4	79,500 84,865	79,500	10,780	90,280
Sub-Total Burns & Dutton.....			2,057,500	152,198	2,209,698
3 Contracts—4 Buildings					
2. Canadian National Railways					
A. Construction, Railway Siding.....			79,427	2,688	82,115
3. Sparling-Davis Ltd.					
A. Paving, Sewer, Water, etc.....	2	386,571 392,108	386,571	41,642	428,213
4. Hume & Rumble					
A. Transformer Sub-station.....	3	35,085 37,751	35,085	8,710	43,795
5. North Western Utilities					
A. Gas Line to C.H.P.....	1		9,819	5,814	15,633
6. C. H. Whitham					
A. Central Heating Plant.....	2	133,000 144,879	133,000	24,511	157,511
7. Vulcan Iron Wks.					
A. 2 Steam Generators.....			123,262	3,593	126,855
8. Provincial Engineering					
A. Underground Steam Distribution System.....	2	115,814 124,724	115,814		115,814
9. Bennett and White					
A. Command Supply Depot.....	7	498,515 578,487	498,515		498,515
Total.....			3,438,993	239,156	3,678,149

Summary— 9 Contractors
 —11 Contracts
 — 6 Buildings
 — 6 Other Services

TABLE D—PART II—CHANGE ORDERS
ARMY—NAMAQ PARK—ALTA.

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
1. Burns & Dutton.....	A	1.	To cover supply and installation of 1½ in Fibreglass Insulation instead of 1" specified for warehouse No. 3 only..	\$ 9,750	
		2.	Addendum No. 4—Supply and Installation of time clock system.....	3,183	
		3.	To cover cost incurred by the contractor in expediting delivery of reinforcing steel.....	685	
		4.	Addendum No. 11—Supply and Installation of double glazing units in Administration areas of warehouse No. 2.....	4,408	
		5.	Addendum No. 2—Supply and Installation of cold water meter and insulation of all rainwater leaders in warehouse No. 3.....	1,203	
		6.	Addendum No. 3—Substitution of Electrical fixtures in wash rooms..	45	
		7.	Addendum No. 5—Electrical modifications to warehouse No. 2.....	5,472	
		8.	Addendum No. 8—Supply and Installation of explosive windows in warehouse No. 2.....	13,978	
		9.	Addendum No. 5—Supply and Installation of explosive windows and warehouse No. 3.....	12,977	
		10.	Addendum No. 8—Installation of concrete curbs around sprinkler valves and condensate pump.....	176	
		11.	Addendum No. 14—Installation of Venetian Blinds in Administration Areas.	1,435	
		12.	Addendum No. 13—Construction of two 4' x 4' x 8' soak pits and running 4" C.I. pipe from each trucking dock floor to its respective soak pit.....	530	
		13.	Addendums No. 7—No. 4—Credit to Corporation due to substitution of regular fusible link type of Sprinkler Heads in lieu of Quartzoid bulb type.	Cr. 1,618	
		14.	Substitution of drinking fountains. Relocation and insulation of rainwater leaders. Installation of heating pipes.....	7,666	
		15.	Installation of soil pipes, trap, and 4" floor drain.....	190	
		16.	RCOC crest and lettering.....	171	
		17.	Reinforced concrete curbs to condensate pumps and valves (Addendum No. 12).....	187	
	B	1.	To provide for assignment of Steel Contracts.....	76,234	

TABLE D—PART II—CHANGE ORDERS—*Continued*
ARMY—NAMAQ PARK—ALTA.—*Continued*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
Burns and Dutton— <i>con.</i>	B			\$	
		2.	Substitution of an aluminum No. 2 Rolltite Door in lieu of wooden door specified for the Paint Spray Booth...	1,049	
		3.	Supply and Installation of spark proof motor for the Paint Spray Booth in lieu of motor specified.....	168	
		4.	Addendum No. 1—Installation of two hydraulic car hoists.....	1,400	
		5.	Addendum No. 3—Glazing lower light of each sash in Instrument rooms No. 29 and No. 30.....	248	
		6.	To include installation of a Ceramic tile step around the urinal in the men's washroom.....	25	
		7.	Supply and Installation of two combination magnetic starters for operation of car hoists.....	168	
		8.	Install additional electrical outlets in accordance with revised drawings...	92	
		9.	Removal of three thermal switches at Thermost at locations and placing of single pole Trated toggle switches at existing thermal units.....	62	
		10.	Installation of soak pits as requested by Army.....	250	
		11.	Addendum No. 5—Relocation of car hoists and wheel alignment pit.....	675	
		12.	Addendum No. 6—Supply and install obscure glass in the windows of locker room and toilet room.....	25	
		13.	Supply and install electrical equipment necessary to operate multiplex doors.	942	
2. Canadian National Railways	C	1.	To include a 6" consolidated layer of pit run gravel under the paving around the bldg.....	271	
		2.	Supply and installation of sump pump in boiler room floor.....	362	
		3.	Supply and installation of 4" agricultural tilea round the footings on a slope to the sump in the boiler room.	156	
		4.	Supply and install an extra 1½" conduit for telephone cable entrance.....	33	
		5.	Addendum No. 2—Complete installation of Air Conditioning System....	9,958	
			Total Change Orders issued to Burns and Dutton.....	152,198	152,198
	A	1.	An additional expenditure increasing total authorized to cover actual cost of railway siding.....	2,688	
			Total Change Orders issued to C.N.R.	2,688	2,688

SPECIAL COMMITTEE

TABLE D—PART II—CHANGE ORDERS—*Continued*
ARMY—NAMA O PARK—ALTA.—*Continued*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
3. Sparling Davis Ltd..	A	1.	Supply and Installation of tee junctions in the 8" water mains.....	\$ 675	
		2.	Increase in estimated quantity of work due to site layout changes and revisions in plans.....	34,659	
		3.	Extra for installation of culvert at crossing.....	145	
		4.	Additional lengths of concrete and cast iron pipes required due to revisions in lines in vicinity of manhole No. 1..	673	
		5.	Credit due to Corporation in consequence of the use of alternate Sanitary Sewer Material.....	Cr. 815	
		6.	Additional sewer facilities covered by Addendum No. 2 in vicinity of Supply Depot and RCE Stores and workshop.....	6,305	
			Total Change Orders issued to Sparling Davis Ltd.....	41,642	41,642
4. Hume and Rumble..	A	1.	To include the provision of a temporary 150 KVA and 3 phase supply for light and power to housing area and sewage disposed pumps.....	225	
		2.	To include installation of an overhead 2,300 volt feeder to R.C.O.C. Warehouse and Sewage Pumping Plant, 2,300 volt underground service to Warehouse No. 2 and R.C.E.M.E. Workshop, and 120/208 volt underground service to Sewage Pumping Plant.....	8,485	
			Total Change Orders issued to Hume and Rumble.....	8,710	8,710
5. Northwestern Utilities.	A	1.	Construction of Regulating Station to house the necessary measuring and pressure control equipment for the supply of natural gas to the distribution system.....	3,584	
		2.	Extra cost in extending the 8" gas main from the plant on the East Side, to the North Side of the Building.....	790	
		3.	Extra for supply and installation of 2" and 1½" M.P. Gas Lines to serve warehouses No. 2 and No. 3.....	1,440	
			Total Change Orders issued to Northwestern Utilities.....	5,814	5,814
6. C. H. Whitham.....	A	1.	Extra to cover cost of alteration and revision of structural steel work detail drawings and the supply of 4,200 lbs. of additional steel in consequence of revision in drawings.....	1,297	
		2.	To include the supply and placing of 6 steel lockers.....	131	

TABLE D—PART II—CHANGE ORDERS—*Continued*
ARMY—NAMAQ PARK—ALTA.—*Continued*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
6. C. H. Whitham— <i>con.</i>	A	3.	To include the supply and installation of a 12' x 12' rolling steel deer in lieu of 10' x 10' as specified	\$ 462	
		4.	Supply of Finishing Hardware	446	
		5.	Credit to Corporation in consequence of the deletion of two stairs and 47' of catwalk and pipe railing on the mezzanine floor	Cr. 1,234	
		6.	Addendum No. 3—To provide sag rods at angle girts for wide windows and, Heating Plant roof to be level	90	
		7.	Revision in drawings to accomodate longitudinal type boilers	3,667	
		8.	To provide for floor drains in manholes "D", "E" and "F"	155	
		9.	Addendum No. 4—To provide concrete foundations under forced draft fan bases at rear of boiler—to provide hinged hatch to roof—Mirrors in Engineer's Office and Maintenance Staff Office	243	
		10.	To provide excavation of pit, back filling, and construction of concrete pad for the installation of 12,000 gallons Oil Storage Tank	1,549	
		11.	Temporary Steam line from C.H.P. to R.C.E.M.E. Workshop	4,467	
		12.	Supply and delivery of 3,100 gallons of fuel oil for firing the boilers at the C.H.P.	433	
		13.	Supply and install in the supply line to the hot water storage tank one Powers single disc regulator. Also cover all rainwater leaders. Also recover all exposed pipe. To revise general boiler piping to accomodate purchased Equipment. To supply and install the underground piping from Manhole "D" to Manhole "F" including Construction of Manhole "F"	12,805	
			Total Change Orders issued to G. H. Whitham	24,511	24,511
8. Vulcan Iron Works..	A	1.	Clarification of Contract No. value		
		2.	Supply and Erection of cat-walks to service the generating units	3,504	
		3.	To provide and install 15 extra feet of air and oil line between C.H.P. and Oil Storage Tank	89	
			Total Change Orders issued on all contracts	3,593	3,593
			Namao Park—Army		239,156

TABLE E—NAMAQ (R.C.A.F.)

R.C.A.F.—NAMAQ

Contractor Description of Work	No. of Bids	Range of Bids	Original Contract	Amendments	Total Commitment
1. Christensen & MacDonald					
A. Remote Transmitter Bldg.....	2	280,372 308,095	280,372	32,830	313,202
B. Remote Receiver Bldg and Installation Services.....	3	208,741 235,741	208,592	15,780	224,372
Sub-Total Christensen & MacDonald.....			488,964	48,610	537,574
2. Dom. Constr. & Lumber Ltd.					
Water Main and Booster Pump.....	6	44,363 59,800	44,363	25,518	69,881
3. Bird Constr. Co., Ltd.					
V.H.F./D.F.....	2	5,486 8,001	5,486		5,486
4. Municipal Dist. of Sturgeon					
A. Road to Remote Transmitter.....	1		3,375		3,375
5. Burns & Dutton					
A. Water Storage and Pump House.....	8	58,980 82,090	58,980	21,188	80,168
6. P. W. Graham & Sons					
A. Four Bldgs.....	4	1,452,611 1,555,038	1,452,611	18,649	1,471,260
B. Central Heating Plant "B".....	5	277,018 299,571	277,018	2,069	279,087
Sub-Total—Graham.....			1,729,629	20,718	1,750,347
2 Contracts—5 Bldgs.					
7. Poole Constr. Ltd.					
A. Central Heating Plant "A".....	4	233,092 245,451	233,092	6,800	239,892
8. Marwell Constr., Co.					
A. Cantilever Hangar and Workshop.....	5	4,105,068 4,466,943	4,105,068	1,800 cr.	4,103,268
B. Supply Depot.....	5	2,576,160 4,163,590	2,576,160	3,330,830	5,906,990
Sub-Total—Marwell.....			6,681,228	3,329,030	10,010,258
2 Contracts—2 Bldgs.					
9. Sparling Davis Co., Limited					
A. Sewage Pump House and Water Reservoir.....	4	66,000 86,457	66,000	527	66,527
B. Water and Sewer Services.....	2	290,518 350,965	290,518	6,052 cr.	284,466
C. Trunk Sewer Line.....			89,764	12,128	101,892
Sub-Total—Sparling Davis.....			446,282	6,603	452,885
3 Contracts—3 Other Works					
10. Wappel Concrete Constr.					
A. Gun Testing Stop Butt.....	5	11,262 25,000	11,262		11,262
11. W. E. Wells					
A. 32 Explosive Storage and 4 Non Exp. Storage Bldg.....	7	978,737 1,160,403	978,737		978,737
12. Alberta Quonset Sales					
A. Supply 4 Expl. Storage Bldgs.....	1		29,213		29,213
13. Can. Johns Mansville Company					
A. Supply of Transite Pipes.....	1		119,990	145	120,135

TABLE E—NAMA0 (R.C.A.F.)—*Con.*R.C.A.F.—NAMA0—*Con.*

Contractor Description of Work	No. of Bids	Range of Bids	Original Contract	Amend- ments	Total Commit- ment
14. Foster Wheeler					
A. Supply and Install 2 Steam Generators "A".....	1	.....	95,147	2,130	97,277
B. Supply and Install 3 Steam Generators "B".....	1	.....	139,212	3,118	142,330
Sub-Total—Foster Wheeler.....		.....	234,359	5,248	239,607
2 Contracts—5 Steam Generators					
15. Morrison Brass Mfg., Co.					
A. Supply of Fittings for Underground Steam Distribution System.....	2	32,831 37,469	32,830	1,103	33,933
16. North Western Utilities					
A. Distribution Main to Central Heating Plant.....		.....	14,768	18,780	33,548
17. Sunley Electric Co.					
A. Electrical Dist. System.....	3	88,906 141,821	88,906	453	89,359
Total.....		.....	11,201,464	3,484,196	14,685,660

Summary—17 Contractors
—23 Contracts
—50 Buildings
—8 Other Works
—3 Supply

TABLE E—PART II—CHANGE ORDERS
R.C.A.F.—NAMAQ, ALTA.

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	\$
1. Christensen & MacDonald	A	1.	Clarification only—No money value.....		
		2.	Fencing, access roads and parking area, complete sewage disposal system, gravelling connecting road, overhaul in excess of 10 miles, telephone conduit cabinet, temporary road to property, temporary work on Municipal road credit re modifications.....	16,966	
		3.	Clearing and rough grading, fencing, water supply and surface drainage...	15,864	
	B	1.	Clarification only—No money value.....		
		2.	Supply of telephone conduit cabinet...	72	
		3.	Grading and levelling connecting road, grading and levelling access road, sewers and drains, water supply, fencing, electrical trench cables, amendment to plans, credit re modifications	9,022	
		4.	Extra to deepen Test Well and drill permanent well, pump house, and additional grading and gravelling to Parking Area and extra ditching...	6,686	
			Total Change Orders issued to Christensen & MacDonald.....	48,610	48,610
2. Dom. Construction & Lumber Co. Ltd.	A	1.	Clarification of contract—No value.....		
		2.	To reduce the original contract value to agree with the actual value of work performed as per final Progress Claim No. 8.....	Cr. 159	
		3.	To provide for costs of additional fittings.....	653	
		4.	To provide for cost of additional transits pipe required due to rerouting of pipeline.....	4,757	
		5.	Extra costs of installing 12" transits pipe incurred in the change of location	20,297	
			Total Change Orders issued to Dom. Const. & Lumber Co. Ltd.....	25,518	25,518
5. Burns and Dutton...	A	1.	Credit to the Corporation—Re—Installation of a natural gas burning unit in furnace in lieu of the oil burning unit.....	Cr. 201	
		2.	Supply and installation of Chlorinating and Pumping Equipment.....	16,215	
		3.	Substitution of Canadian General Electric Class in lieu of combination starters.....	37	
		4.	Installation of a motorized valve chamber.....	4,380	

TABLE E—PART II—CHANGE ORDERS—*Continued*R.C.A.F.—NAMAQ, ALTA.—*Continued*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
5. Burns and Dutton — <i>Cont.</i>	A	5.	Installation of Automatic control equipment and a float tube.....	\$ 705	\$ 21,188
		6.	Gas installation to Storage Tank and Pump-house.....	52	
			Total Change Orders issued to Burns and Dutton.....	21,188	
6. P. W. Graham & Sons.....	A	1.	To include hardware for four only No. 18 doors from Messes to soiled Dish Disposal Room.....	118	
		2.	To include the provision of door pulls for all cupboard doors for Officers' and N.C.O.'s Quarters Stage II Class I.....	49	
		3.	To include the provision of door pulls for all cupboard doors for Officer's and N.C.O.'s Quarters Stage I Class I.....	24	
		4.	Supply and installation of 4" weeping tile around the footings of the combined mess.....	796	
		5.	Installation of soap dish and grab rail.	57	
		6.	Work covering increased footing depth on building No. 211.....	6,176	
		7.	To supply and install two convectors in each front entrance in place of one convector for each entrance as specified.....	287	
		8.	Installation of 17 additional 3" Type and Radiator Valves.....	85	
		9.	To provide for change in thickness of concrete block wall from 4" to 6".....	699	
		10.	Supply and install delta box on the secondary side of the transformers supplying lighting power.....	602	
		11.	Deeper and wider excavation, extra back filling, and gravel fill under footings—Officers and N.C.O.'s Quarters Stage II.....	5,868	
		12.	Re-location of 4" Water Service Officer's Quarters Stage II.....	191	
		13.	To install in N.C.O. Quarters Class I Stage I, fire 6 alarm bulk—6 inch 24 volts A.C. and one Northern Electric Alarm Panel and a Northern Electric Master Box.....	976	
		14.	To install in the Officers' Quarters Class I Stage II, 6 fire alarm bulk, 24 volts A.C. and one Northern Electric Local Alarm Pane. and a Northern Electric Master Box.....	976	
		15.	Additional gravel fill under the floor slab of Building No. 201.....	1,745	

TABLE E—PART II—CHANGE ORDERS—*Continued*
R.C.A.F.—NAMAQ, ALTA.—*Continued*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	\$
6. P. W. Graham & Sons — <i>Cont.</i>	A	16.	To provide and install the following washroom accessories in the following buildings — Airman's Barrack Block Combined Mess—N.C.O.'s Quarters Stage I Officers' Quarters Stage II.....	813	
	B	1.	Substitution of Structural Steel Members.....	2,069	
			Total Change Orders issued to P. W. Graham and Sons.....	21,531	21,531
7. Poole Construction Ltd.	A	1.	Providing for the substitution of Structural Steel Members.....	1,847	
		2.	Heightening foundation walk and additional excavation and fill required due to water logged conditions....	4,355	
		3.	To allow for changes to Sanitary and Storm Sewer—Installation of Weeping Tile—Extension of Sump Pump Shaft.....	598	
		4.	Installation of toilet accessories in washrooms.....	59	
			Total Change Orders issued to Poole Construction Ltd.....	6,859	6,859
8. Marwell Construction Co.	A	1.	Credit to the Corporation for release from structural steel contractor of the responsibility for Shop and Field Inspection.....	Cr. 1,800	
	B	1.	Overhaul on top soil delivered to Namao D.N.D. Housing Project 2-50 and Namao School 3-50.....	3,969	
		2.	Excavation of earth by machine and placing of graded sand and fill under floor slabs.....	437,000	
		3.	Clearing building site of trees—drainage of slough and ditching—supply and installation of four culverts—installation of By-Pass in water line and reconnection of water pipe to main line—grading—removal of top soil under east area fill—excavate trench—remove old 8" steel water main, back fill this excavation with dirt fill.....	6,468	
		4.	Dig trench to lay fifty feet of flush out pipe and to place extension on valve shutoffs then to back fill trench.....	161	
		5.	Purchase of 3 transformers and oil Circuit Breaker.....	16,104	
		6.	Extra work on 424 interior Column footings—Supply and installation of 518" x 9" Anchorbolts on rear side of columns.....	18,189	

TABLE E—PART II—CHANGE ORDERS—*Continued*
R.C.A.F.—NAMAQ, ALTA.—*Continued*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	\$
8. Marwell Construction Co.— <i>Cont.</i>	B	7.	To authorize payment for the continuation of operations under winter conditions—Increase in cost of reinforcing steel bars.....	397,998	
		8.	Construction of mechanical equipment room and two water storage tanks for fire protection—Delivery to site of 26,606 cubic yards of gravel and clearing of site—Installation of tar, felt, and gravel roofing with fibre glass insulation—2,925 lineal feet of dragline—Electric Travelling Crane—Platform scales—Hydraulic loading ramps—Rolling steel doors—Hollow metal covered steel fibre doors—Electric operated multiplex steel doors.....	1,035,822	
		9.	Installation of inserts and pipe sleeves—Soil testing by R.M. Hardy—Credit for the deletion from the General Contract of concrete testing.....	21,433	
		10.	Purchase and installation of Josam Roof Drains.....	9,492	
		11.	Supply and install 6" Agriculture Tile on perimeter of building.....	6,643	
		12.	Purchasing mechanical equipment, piping and sheet metal.....	779,110	
		13.	Supply of temporary heat for entire building.....	83,392	
		14.	Cover 10% Sales Tax—3 K.V.A. transformers—3 drums of oil.....	1,761	
		15.	To cover 10% Sales Tax payable on floor reinforcing on steel.....	12,163	
		16.	Supply and installation of the permanent heating and ventilation duct work—purchase and delivery of 35 sets of finishing hardware—Additional reinforcing steel for the basement—Construction of storm sewer—Installation of copper expansion joints—Concrete work required for the crane structure—Construction of a concrete wall—Additional concrete work required for interior foundation walk—Construction of fire walk within main building.....	501,125	
			Total Change Orders issued to Marwell Construction Co.....	3,329,030	
					3,329,030
9. Sparling Davis Co. Ltd.	A	1.	Extras to coincide with Revised Drawings.....	527	
	B	1.	Revision of Abutment "A".....	1,425	
		2.	Lowering of Water Main.....	2,343	
		3.	Credit to the Corporation—Deletion of Item 65 in Acceptance of Tender..	Cr. 14,570	

TABLE E—PART II—CHANGE ORDERS—*Continued*
R.C.A.F.—NAMAQ, ALTA.—*Continued*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	\$
9. Sparling Davis Co. Ltd.— <i>Cont.</i>	B	4.	Deletion of Item 64 Acceptance of Tender.....	4,750	
	C	1.	To provide for periodic flushing facilities for the Trunk Sewer Line and a 12" gate valve.....	11,795	
		2.	To include extra work.....	333	
			Total Change Orders issued to Sparling Davis Co. Ltd.....	6,603	6,603
13. Canadian Johns Manville Winnipeg.	A	1.	145—Superfluous pipe left after cutting final length and increase in Sales Tax.	145	145
14. Foster Wheeler.....	A	1.	160—\$80.00 Reduct in for deletion of cold starting equipment.....		
		2.	2958—To cover and alternative type of Flame Failure Central Equipment.	3,118	
	B	1.	80—Correct deduction of \$240.00 in original proposal.....		
		2.	2050—To cover an alternative type of Flame Failure Contract Equipment.	2,130	
			Total Change Orders issued to Foster Wheeler.....	5,248	5,248
15. James Morrison Brass Mfg. Co. Toronto 1, Ont.	A	1.	To adjust errors in unit price extensions.	1,011	
		2.	Erroneously tendered on the quantity of Hard Copper pipe as 30 ft. should be 300 ft.....	92	
			Total Change Orders issued to Morrison Brass Mfg. Co.....	1,103	1,103
16. Northwestern Utilities Ltd., Edmonton Alta.	A	1.	Installing Gas main to serve central heating Plant at R.C.A.F. Station, Namao.....	9,835	
		2.	Supply temporary heat for R.C.A.F. Station in accordance with plans....	10,220	
		3.	Installing and dismantling of regulating equipment in supply depot.....	825	
		4.	Reduce the firm price of temporary heating.....	Cr. 2,100	
			Total Change Orders issued to Northwestern Utilities Ltd.....	18,780	18,780
17. Sunley Electric Co. Edmonton.	A	1.	Supply of temporary electrical services to Storage Tank and Pumphouse pending installation of permanent equipment.....	453	
			Total Change Orders Namao—R.C.A.F.....		3,485,068

PART III—D.C.L. (BUILDING MAINTENANCE SECTION) CONTRACTS
R.C.A.F.—NAMAQ

Contractor	No. of Bids	Range of Bids	Original Contract	Change Orders	Total Commitment
		\$	\$	\$	\$
1. Axel Johnson Construction Ltd.— A. Exterior covering of Hangars and Warehouses.....	2	77,328 80,243	77,328	.....	77,328
2. A. W. Fisher & Company Ltd.— A. Installation of gas burning equipment..	1	18,217	18,217	.....	18,217
3. Poole Construction Company Ltd.— A. Rehabilitation of one warehouse and interior repair of two Hangars.....	3	59,128 76,332	59,128	21,465	80,593
Total—Building Maintenance Contracts— Namao.....			154,673	21,465	176,138

BUILDING MAINTENANCE CONTRACTS—CHANGE ORDERS
R.C.A.F.—NAMAQ

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
3. Poole Construction Company Ltd.	A	1.	Alterations to door of Hangar No. 1. Supply and installation of linoleum to 2nd floor of Lean-to Offices. Gyproc to walls and ceilings of 1st and 2nd floor Lean-to's in Hangars 1 and 2.....	\$ 25,865	\$
		2.	Deletion of work from specifications....	Cr. 3,650	
		3.	Deletion of work from specifications....	Cr. 750	
			Total of Change Orders issued on all Building Maintenance Contracts at Namao.....	21,465	21,465

APPENDIX No. 74

DEFENCE CONSTRUCTION AT ESQUIMALT—VICTORIA AREA AND
ROCKY POINT

By R. G. JOHNSON

Navy

For the Navy at Esquimalt we have 3 contractors working on four separate buildings.

The largest is a Permanent Barrack Block for 750 men, for which a contract was awarded to Commonwealth Construction Company in December 1951, for completion April 18, 1953. Progress on this building has been very satisfactory. Work was stopped for 12 weeks in the summer of 1952 by a strike of building tradesmen, but the building will be completed by mid-August 1953.

A contract for construction of a P. & R.T. building was awarded to Luney Bros. and Hamilton Limited in September 1952 which was to be completed in September 1953. Because of the delay resulting from the strike in the summer of 1952 this building will not be completed until December 1953.

In December 1952 this same firm was awarded a contract to construct the Pacific Naval Laboratory. Construction started on this building on the 15th of December 1952. It is expected that it will be completed in one year.

Two recent awards are: To the Farmer Construction Company for the erection of a Diesel Workshop. Work started on this project on the 1st of March. The estimated completion date is July 31, 1953. For sub-stations and transformers, for which tenders closed on January 6, 1953. A contract was awarded this month to F. D. Bolton Ltd. in the amount of \$28,700.

Two further contracts will be awarded in the near future: An Electrical Workshop, for which tenders closed on March 17, 1953. An Electrical Service to the Jetty and Graving Dock, for which tenders closed on March 31, 1953.

Army—Work Point Barracks

We have also arranged contracts for construction for the Army at Work Point Barracks which the Committee might consider to be in the Esquimalt area.

At this site two contracts, one with Monarch Plumbing and Heating Co., and one with J. A. Pollard for installation of a hot water system and boiler in Barrack Block 31 were awarded in 1950 and have been completed for some time.

A contract awarded to Luney and Robinson in August 1951 for the erection of a storage shed which was to be completed by the end of October. Construction progressed very well until mid-October, when there was a delay waiting for details of the electrical installation, and a subsequent hold-up waiting for delivery of electrical supplies which were not received until March 15, 1952. Finishing of the interior was of course delayed until the electrical installation was completed. The completed building was turned over to the Army on April 21, 1952.

A contract was awarded to the firm of G. H. Wheaton in October 1951 for the construction of (1), an 180 man Barrack Block and (2), a 500 man Mess. These buildings were scheduled for completion in June 1952. These buildings both progressed very slowly; rain and frost interfered with good progress in the winter of 1951-52, the strike in the summer of 1952 brought work to a stop for 3 months, and there was a shortage of bricklayers in the area in the fall of 1952. The 500 man Mess will be completed within the next few weeks and it is anticipated that the 180 man Barrack Block will be finished in June.

Farmer Construction Co. Ltd. were awarded a contract in December 1951 for a Radar Maintenance and Storage building. The scheduled completion date was November 30, 1952. When the building strike began on June 17th the building was about half completed. A special arrangement was agreed to by the Trade Unions to permit roofing and sheet metal workers to complete the roof even though a strike had been called. Work progressed rapidly from the end of September and the building was completed by January 9, 1953.

The Building Maintenance Section of Defence Construction (1951) Limited have been responsible for six contracts in the Esquimalt area.

A contract for the paving of roads at HMCS Royal Roads was placed in October 1950 with the Victoria Paving Company Limited in the amount of \$19,628.00.

On November 3rd 1950, a contract was placed with the Seaboard Advertising Company Limited for the painting of building No. 192 in HMC Dockyard in the amount of \$5,192.

The contract for the re-grading and paving of roads in HMC Dockyard was awarded to the General Construction Company Limited in December 1951, for the amount of \$7,434.00.

A contract for the dismantling of a 75-ton Crane at Prince Rupert, B.C., and the transporting to Esquimalt was placed in April 1952, with W. H. Smith in the amount of \$26,100.00.

A contract for the re-location and rehabilitation of building No. 198 HMC Dockyard was placed with Farmer Construction Limited in the amount of \$7,975.00 in August 1952.

Repairs and improvements to the Central Victualling Depot, HMC Dockyard was placed with J. A. Pollard Construction on March 17th, 1953, for the amount of \$46,753.00.

All these contracts with the exception of the repairs to the Victualling Depot have been completed.

Navy—Rocky Point

No construction contracts have yet been awarded at Rocky Point by Defence Construction (1951) Limited. Tenders have been called, however, for the construction of a West Coast Magazine Depot, Stage I, to close on April 14th 1953.

The scope of this work consists of cleaning the site, grubbing, building roads, culverts and ditches, and constructing twenty-seven magazine buildings, and thirteen service buildings. Also included, is the installation of sanitary and storm sewers, fire and domestic water mains, and the formation of earth traverses around the magazine buildings.

TABLE F
NAVY—ESQUIMALT

Contractor Description of Work	No. of Bids	Range of Bids	Original Contract	Amend- ments	Total Commit- ment
		\$	\$	\$	\$
1. Commonwealth Construction Co.— A. 1 Barrack Block—750 Man.....	3	1,845,828 1,925,020	1,845,828	21,433	1,867,261
2. Luney Bros. and Hamilton Ltd.— A. Pacific Naval Laboratory.....	6	624,087 692,287	624,087	872	624,959
B. P. and R.T. Building.....	6	481,115 587,669	481,115	10,002	491,117
Sub-Total—Luney Bros. & Hamilton 2 Contracts—2 Buildings.....			2,951,030	32,307	2,983,337
3. Farmer Construction Co.— A. Diesel Workshop.....	5	126,433 139,744	126,433	.....	126,433
4. F. D. Bolton Ltd.— A. Supply and Delivery of 4 Distribution Transformers and 2 Complete Sub- Stations.....	9	25,289 35,994	28,700	.....	28,700
Total.....			3,106,163	32,307	3,138,470

Summary—4 Contractors—5 Contracts
—4 Buildings
—1 Supply

ARMY—WORK POINT BARRACKS

1. Monarch Plumbing and Heating— A. Hot Water System Building 31.....	5	8,940 12,870	8,940	316	9,256
2. J. A. Pollard— A. Boiler Room Building 31.....	2	5,216 5,435	5,216	.....	5,216
3. Luney and Robinson— A. Storage Shed.....	7	9,286 11,799	9,286	1,383	10,669
4. G. H. Wheaton— A. Barrack Block (180 Man) and Mess (500 Man).....	4	660,013 706,135	660,013	44,001	704,014
5. Farmer Construction Co.— A. Radar Maintenance and Storage.....	6	177,970 214,067	177,970	2,672	180,642
Total.....			861,425	48,372	909,797
Summary—5 Contractors—5 Contracts —4 Buildings—2 Installations					
Total—Victoria—Esquimalt.....			3,967,588	80,679	4,048,267

Summary— 8 Contractors
—10 Contracts
— 8 Buildings
— 2 Installations
— 1 Supply

PART II—CHANGE ORDERS
ESQUIMALT AND WORKPOINT—NAVY—ESQUIMALT

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
1. Commonwealth Construction Co., Vancouver, B.C.	A	1.	Addendum 9—31/1/52—Revised window design and provide flyscreens for all galley windows.....	\$ 1,391	
		2.	87.4 cu. yds. excavation 21.25 cu. yds. concrete 2,900 ft. $\frac{1}{2}$ " reinforcing steel..	1,840	
		3.	Labour & material & equipment necessary for supply & installation of expansion loops in The Heating Mains for the Permanent Barrack Block H.M.C.S. (Naden) Esquimalt.....	3,160	
		4.	Labour & materials & equipment for installation of storm sewer.....	6,106	
		5.	Additional 2,500 lbs. concrete 87.7 cu. yds. 760 cu. yds. excavation & 9,208 lbs. reinforcing steel.....	7,284	
		6.	Installation of additional copper gutter downspouts & splashpans for the "C" Block.....	445	
		7.	Addendum 13—23/12/52—Additional cost of installing a tile platform in the galley.....	315	
		8.	36 cu. yds. as rock excavation.....	612	
		9.	Erection of a cable dead end pole—Labour and material.....	280	
			Total of Change Orders issued to Commonwealth Construction.....	21,433	
2. Luney Bros. & Hamilton Ltd., Victoria, B.C.	A	1.	Addendum 3—Substitution of fittings for steel sashes.....	548	21,433
		2.	Extra cost of lowering floor of salt water pump room. Excavation in rock 14 cw. yds.; Reinforced concrete 2 cu. yd.....	324	
	B	1.	Addendum 1—Removal and disposal of the existing frame building known as "Civil Engineering and Maintenance Building".....	1,100	
		2.	Construct storm drain; existing opening in drain blocked off and new holes cut in catch basin and sewer and installation of 6" vitrified pipe plus necessary fittings.....	311	
		3.	Cover cost of supplying to nearest Railway Siding, carting and installing of 24.647 tons extra reinforced steel.....	5,758	
		4.	Material labour and equipment for installing storm drain.....	302	
		5.	Extra cost of revising foundations.		
			Additional excavation 15 yds.		

PART II—CHANGE ORDERS—*Continued*
 ESQUIMALT AND WORKPOINT—NAVY—ESQUIMALT—*Concluded*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
2. Luney Bros. & Hamilton— <i>Con.</i>	B		Extra reinforced concrete 23 yds.	\$	
			Extra gravel filling—170 cu. yds.		
			Pile Driving—Labour—cutting pile, cleaning up etc., 12 hrs. at \$2.30' per hr. plus 5%.....	2,531	
			Total Change Orders issued to Luney Bros. & Hamilton.....	10,874	10,874
			Total Change Orders issued to—ESQUIMALT, B.C.—NAVY.....		32,307

PART II—D.C.L. CHANGE ORDERS
 ARMY—WORK POINT BARRACKS, VICTORIA

1. Monarch Plumbing & Heating Co.	A	1.	Increase in prices of Boiler, circulators stoker, valves.....	316	
			Total Change Orders issued to Monarch Plumbing & Heating Co.....	316	316
2. Luney & Robinson, Victoria, B.C.	A	1.	Addendum No. 3. Install Explosion proof service 60 amp. switch and a 2" o.d. pipe railing also a concrete 3' wide 20' long sidewalk.....	194	
		2.	One coat Symentrex primer and two coats Symentrex finish on concrete blocks.....	365	
		3.	Installation of explosive proof heaters credit original specified heaters plus 5%.....	824	
			Total Change Orders issued to Luney & Robinson.....	1,383	1,383
3. G. H. Wheaton, Victoria, B.C.	A	1.	Repair of hydrant—labour fittings and equipment.....	36	
		2.	500 Man Mess Hall—236 cu. yds. rock excavation including blasting and removal of spoil.....	3,776	
		3.	Cost of transporting and handling reinforcing steel from Railway siding to site.....	174	
		4.	Addendum No. 5—7/2/52—Revisions to closets in Barrack Room.....	228	
		5.	2½ cu. yds. of concrete—Install Angle Iron Lintels to Mess Hall—Rock excavation 2 cu. yds.—Steel—Tex-wire mesh for reinforcement of finish floor.....	268	

PART II—D.C.L. CHANGE ORDERS—*Continued*
 ARMY—WORK POINT BARRACKS, VICTORIA—*Continued*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
3. G. H. Wheaton— <i>con.</i>	A	6.	Labour material and equipment for laying of Terrazzo Floors	\$ 5,929	
		7.	Addendum No. 8 re: Serving hatches. Remove existing block wall—form pour and install concrete lintels. Supply and install frame, trim and shelf. Cover hardwood shelf with stainless steel, also angle brackets below shelf	363	
		8.	Re-arrangements of rifle racks—90 racks in closets at \$5.00 less value of doors no longer required	261	
		9.	Re Addendum No. 5—for supply of Ric-wil pipe and fittings, excavating the necessary trench for same, laying pipe and welding, backfilling and removal of surplus material, const. of reinforced concrete duct in Barrack Block and installation of concrete anchors	24,970	
		10.	Provide temporary heating service...	5,340	
		11.	Auth. Addendum No. 7—Cover cost of Pull-out Stainless Steel Shelves for steam cooker and extra refrigeration of Cafeteria Counter	457	
		12.	Auth. Addendum No. 10—Installation of Columbia Matic Frameless Screens to the windows	2,199	
			Total Change Orders issued to Wheaton Const.	44,001	
					44,001
4. Farm Construction Ltd., Victoria, B.C.	A	1.	Addendum No. 3—28/2/52. Drainage of boiler room—install 6" A.C. and 6" Vitrified Tile	394	
		2.	Credit—finished hardware	Cr. 916	
		3.	Concrete tests, 522 cu. yds. at 30c.—16 compression tests at \$2.50 plus 5% fee	206	
		4.	Extra cost to change four single doors to double doors—Auth. Addendum No. 1. Also new manhole and culvert under driveway	388	
		5.	Installation of telephone system in Radar building	139	
		6.	Supply for replacement of 6 poles	762	
		7.	Cover extra cost involved in implementing the changes set forth in Addendum No. 2B (Electrical)	924	
		8.	Supply and install a gravity ventilation system for the transformer vault	236	

PART II—D.C.L. CHANGE ORDERS—Continued
ARMY—WORK POINT BARRACKS, VICTORIA—Concluded

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
4. Farmer Construction Ltd.—con.	A			\$	
		9.	Addendum No. 2—20/7/52—Heating and ventilating also 23½ yds. of rock excavation—Cost of implementing electrical section. Change fascia flashing from 26-24 gauge.....	1,689	
		10.	Cancels No. 9 (ie.) (cr.) \$1,689—Add 23½ at 1,700 rock excavation Addendum No. 2 7/1/52—Change fascia flashing from 26 to 24 gauge.....	Cr. 1,150	
			Total Change Orders issued to Farmer Construction Co.....	2,672	2,672
			Total Change Orders Workpoint Barracks—Army.....		48,372
			Total Change Orders Esquimalt and Workpoint.....		80,679

PART III—D.C.L. (BUILDING MAINTENANCE SECTION) CONTRACTS
NAVY—ESQUIMALT

Contractor	No. of Bids	Range of Bids	Original Contract	Change Orders	Total Commit- ment
		\$	\$	\$	\$
1. Victoria Paving Company Ltd.— A. Paving of Roads HMCS Royal Roads	2	19,628 21,012	19,628	.....	19,628
2. Seaboard Advertising Company Ltd.— A. Painting Building No. 192 H.M.C. Dockyard.....	2	5,192 6,100	5,192	.....	5,192
3. General Construction Company Ltd.— A. Regrading and paving of Road H.M.C. Dockyard.....	2	7,434 7,470	7,434	.....	7,434
4. W. H. Smith— A. Dismantling 75 Ton Crane at Prince Rupert, B.C., and Transporting to Esquimalt.....	2	26,100 43,900	26,100	.....	26,100
5. Farmer Construction Limited— A. Relocation and Rehabilitation of Building No. 198 H.M.C. Dockyard	2	7,975 9,256	7,975	.....	7,975
6. J. A. Pollard Construction— A. Repairs and Improvements to Central Victualling Depot.....	4	46,753 53,796	46,753	.....	46,753
Total—Building Maintenance Contracts—Esquimalt..			113,082	.....	113,082

APPENDIX No. 75

STATEMENT ON RCAF STATION—COLD LAKE

By R. G. JOHNSON

The R.C.A.F. Station at Cold Lake, Alberta, is an entirely new project, situated 220 miles North and East of Edmonton, destined to be a training station in Air-to-Ground Guided missiles.

The first contract was let in March 1952 and we now have 12 contractors engaged on 40 buildings, and nine on other works. Five manufacturers hold supply contracts.

The dollar value of these contracts is \$17,665,201. of which \$5,665,536. had been completed up to January 31st, 1953. Of the latter amount, \$4,874,843. has been paid on account. Contracts for construction of buildings were awarded as follows:

To Alexander Construction Co. Ltd.

1. A contract for construction of 21 buildings:
 - 2 Mess' buildings
 - 4 Officers' Quarters
 - 2 NCO Quarters
 - 3 Barrack Blocks
 - 2 Barrack Block Extensions
 - 1 Gun Stop Butt
 - Fire Hall
 - Guard House
 - Ground Instructional School
 - Ration Depot
 - Firing Range
 - Construction Engineering Building
 - 25 Bed Hospital

This was awarded in March 1952. Contracts for supply and bending of reinforcing steel had been let earlier to minimize delay on this score. Little work was done on any of these buildings until the contractors' access road was completed in June. The labour force on this contract was far from adequate through the summer months. Of the 21 buildings—2 have been cancelled (Hospital and Ground Instructional School); 2 are not yet started; 8 were started early in the summer of 1952; and are 25-50 per cent complete; 9 were started late in 1952 and are from 10-20 per cent complete. Last month, one of the Officers Quarters which was well advanced caught fire and burnt to the ground.

2. *Water Distribution and Sewage Force Main.* This contract was awarded in July 1952 and work commenced in August. By the end of the year 16 per cent of the work had been completed. There were some holdups on delivery of valves and fittings but the principal reason for lack of progress was a lack of labour. It is expected that the installation will be completed by October 31, 1953.

To Bird Construction Company

1. In February 1952 a contract for the *Central Heating Plant*: a contract to supply and install 3 steam generating units in this plant had been awarded to Foster Wheeler Ltd. in January. Although work on this building started

late in May there was a series of delays arising from the decision to change the plant from lignite to natural gas and the consequent re-design. By the end of the year the building was $\frac{1}{4}$ completed and the forecast completion date, July 31st.

2. *Sewage Pumphouse and Sewage Treatment Plant.* This was awarded in July 1952 and proceeded very well on the construction side but the Digester and other necessary equipment cannot be delivered until March.

3. *Protestant and Roman Catholic Chapels.* The contract for these buildings was awarded in November 1952 and work got under way on the foundations of the Roman Catholic Chapel. The Protestant Chapel was started early in January.

4. *Underground Steam Distribution System.* This contract was awarded in December and except for assembling materials at the site no work can be done until Spring.

To Poole Construction Company and Bennett and White, jointly

A Cantilever Hangar. For which the contract was awarded in October 1952. Construction started in November and some concrete had been poured by the year end.

To Poole Construction Company

1. *Two Steel Hangars.* This was awarded in February 1952 but lack of a contractors' access road prevented on-site work until May. Wet weather resulted in bad road conditions which interfered with the delivery of structural steel, and although the contractor was ready for steel in July, deliveries were so slow that erection was not completed until mid-October. The concrete slabs which had been poured in the summer were exposed to the weather and extra costs have been incurred in protecting these from frost. One building is over half completed and the other about one-third completed.

2. *Synthetic Trainer and Unit Receiver Building.* The contract for these buildings was not awarded until December 1952. Construction will start in the Spring.

To Bennett and White. In addition to the contract taken jointly with Poole Construction this Company has contracts for:

1. *Mechanical Equipment & Refuelling Tender Garage, Headquarters Building and 6 Explosives Storage Buildings*—Awarded in August 1952. This work did not start until late in October and then only on the garages and with a small labour force. Little real progress can be made until Spring.

2. *A Standard Mess*—Awarded in January 1953 and will not be started until Spring.

To Burns & Dutton Ltd.

Standard Drill and Recreation Hall—Awarded 29th December 1952. Work will commence in the Spring.

To Sparling Davis Company—

1. *Water Supply System "A"*—Awarded in January 1952. This part of the system was the water intake line. It was completed on March 10, 1952.

2. *Supply and Erection—Four Steel Storage Tanks*—Originally this contract was awarded for erection at Namao, Alberta. For an extra of \$8,847, the contractor undertook to erect them at Cold Lake. The erection was completed in August 1952.

To Dominion Construction Co. for the Water Supply System, Part "B"

This contract, awarded in March 1952, includes: a concrete reservoir and pumphouse; a separate concrete reservoir; an intake well and pumphouse; electrical controls; a 12-inch water supply main. Work got under way and a good labour force was employed but the contractor was delayed by slow delivery of pipe and equipment. All the structural work was completed by December 31, 1952.

To Mix Bros. Ltd., for Project and Access Roads.—This contract, awarded in July, involves clearing and grubbing some 66 acres of land and forming roads with necessary culverts, catch basins, etc. The permanent access road was completed by fall and the clearing and rough grading of the station roads. Materials are being stockpiled against the continuation of the work in the Spring.

To Sunley Electric Co., for the Power Distribution System—awarded in August 1952. Because there will be no need for this system until Summer of 1953 the contractor does not contemplate doing anything but preliminary work before May 1, in order to minimize possible damage to installations during construction operations.

To Canadian Utilities Ltd., for a Power Sub-Station—awarded in August and completed early this year.

To Canadian National Railways, for the construction of a Railway Siding—awarded in August and completed in December 1952.

To Steel-Crafts (Alberta) Ltd., for the installation of pipe-lines, pumps, and fuel delivery equipment which started in August 1952 and was 90 per cent complete at the end of December 1952.

There were also some contracts for supply of materials and equipment—
1. Foster Wheeler Limited—for supply and erection of 3 steam generators.
2. Morrison Brass Co.—for valves, pipe and fittings for the underground steam distribution system. 3. Canadian Ludlow Co.—for hydrants. 4. Crane Limited—for Gate valves for sewer and water systems. 5. Anthes-Imperial Co.—pipe and fittings for sewer and water systems.

TABLE G.

R.C.A.F.—COLD LAKE

Contractor Description of Work	No. of Bids	Range of Bids	Original Contract	Amend- ments	Total Commit- ment
1. Alexander Construction Company					
A. 21 Buildings.....	5	4,744,914 6,033,824	4,744,914	Cr. 114,481	4,630,433
B. Water and Sewer.....	3	194,759 415,397	194,759		194,759
Sub-Total—Alexander.....			4,939,673	Cr. 114,481	4,825,192
2 Contracts—21 Bldgs.—1 Works.					
2. Bird Construction Company					
A. Central Heating Plant.....	4	618,315 823,727	618,315	Cr. 25,762	592,553
B. Sewage Pump House and Treatment Plant.....	2	237,375 253,750	237,375		237,375
C. Protestant and Roman Catholic Chapels	1		176,692		176,692
D. Underground Steam Distribution.....	5	729,040 953,466	729,040		729,040
Sub-Total—Bird.....			1,761,422	Cr. 25,762	1,735,660
4 Contracts—4 Buildings—1 Works					
3. Poole Construction Co. and Bennett & White (Jointly)					
A. Cantilever Hangar.....	1		4,418,714	8,200	4,426,914
4. Poole Construction Company					
A. 2 Steel Hangars.....	5	2,356,551 2,820,262	2,356,551	99,708	2,456,259
B. Synthetic Trainer and Unit Receiver Building.....	2	588,387 608,410	588,387		588,387
Sub-Total—Poole Construction.....			2,944,938	99,708	3,044,646
2 Contracts—4 Buildings					
5. Bennett & White					
A. ME & RT Garage, HQ Bldg. and 6 Expl. Storage Bldgs.....	3	819,121 831,051	819,121	28	819,149
B. Standard O.R. Mess.....	3	549,370 695,681	549,370		549,370
Sub-Total—Bennett & White.....			1,368,491	28	1,368,519
2 Contracts—9 Buildings					
6. Burns and Dutton					
A. Standard Drill and Recreation Hall....	4	681,829 784,900	681,829		681,829
7. Sparling and Davis					
A. Water Supply System "A".....	2	37,100 39,848	37,100	Cr. 200	36,900
B. 4 Steel Storage Tanks.....	1		50,206	8,847	59,053
Sub-Total—Sparling-Davis.....			87,306	8,647	95,953
2 Contracts—2 Works					
8. Dominion Construction Company					
A. Water Supply System "B".....	4	435,291 568,335	435,291	7,703	442,994
9. Mix Bros. Ltd.					
A. Project and Access Roads.....	3	226,998 234,017	226,998	38,651	265,649
10. Sunley Electric Co.					
A. Power Distribution System.....	2	79,745 93,366	79,745	1,126	80,871

TABLE G—*Con.*R.C.A.F.—COLD LAKE—*Con.*

Contractor Description of Work	No. of Bids	Range of Bids	Original Contract	Amend- ments	Total Commit- ment
11. Canadian Utilities A. Power Sub-Station.....			10,125		10,125
12. Canadian National Railways A. Railway Siding.....			76,160	104,780	180,940
13. Steel-Crafts (Alberta) Ltd. A. Bulk Fuel Storage.....	1		147,345		147,345
14. Foster Wheeler Ltd. A. 3 Steam Generators.....	1		165,194	150	165,344
15. Morrison Brass Company A. Fittings for Steam Dist. System.....	2	33,506 37,814	33,506	1,089	34,595
16. Canadian Ludlow Co. A. Hydrants.....	16	8,680 11,499	8,680	254	8,934
17. Crane Ltd. A. Gate Valves—Sewer and Water.....	16	15,534 44,261	15,534	1,249	16,783
18. Anthes-Imperial Company A. Supplies—Water and Sewer.....	1		132,248	660	132,908
Total.....			17,533,199	132,002	17,665,201

Summary—18 Contractors
—25 Contracts
—40 Buildings
—9 Other Works
—5 Supply

PART II—CHANGE ORDERS
 R.C.A.F.—COLD LAKE ALTA.

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	
1. Alexander Construction Ltd.....	A	1.	Additional Office Accommodation, connecting to existing office, and providing heater, and office equipment.....	1,890	
		2.	Extra cost of substituting Douglas Fir for spruce in 14 Buildings.....	19,841	
		3.	Clarification only—No money involved.....		
		4.	Credit due to the cancellation of Ground Instructional School.....	Cr.357,920	
		5.	Providing for the cancellation charges on the above.....	17,643	
		6.	Assignment to main contractor of contract for structural steel (\$135,272) and reinforcing steel (\$65,048).....	200,320	
		7.	Additional cost of provision of 260 sq. ft. of office accommodation.....	520	
		8.	To provide for janitor service in Staff Quarters and Engineer's Office, July 15, 1952 to July 1953 at \$40 per month.	480	
		9.	Cancels, in its entirety, Change Order 8	Cr. 480	
		10.	Provision for stainless steel door posts in six Buildings at \$52.15 each, as required by Addendum 18.....	313	
		11.	To provide obscure glass in certain windows in 7 Buildings.....	440	
		12.	Provision of wiring and switches—Addendum 6.....	1,677	
		13.	Supply and installation of wire mesh guards to Guard House.....	795	
			Total Change Orders issued to Alexander Construction Ltd.....	Cr.114,481	114,481
2. Bird Construction Company.....	A	1.	Credit in the amount of \$1,500 for deletion of work in providing an Engineer's Office.....	Cr. 1,500	
		2.	For an extra to cover cost of storage and haulage of supplies from James Morrison Brass Mfg. Co. 640 sq. ft. warehouse at \$2.00—200 trucking hours at \$5.00 with helper.....	2,920	
	A	3.	Additional cost of emergency pipe in of regular pipe.....	2,544	
		4.	Credit due to re-design of plant to convert from coal to gas operation...	30,000	
		5.	Installation of 7" C.I. Duct for future boiler.....	274	
			Total Change Orders issued to Bird Construction Co.....	Cr. 25,762	25,762

PART II—CHANGE ORDERS—*Con.*
R.C.A.F.—COLD LAKE ALTA.—*Con.*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	
3. Poole Construction Co. and Bennet & White Ltd. (Jointly).	A	1.	Credit for shop and field inspection of structural steel, not carried out.....	Cr. 1,800	
		2.	Additional cost of commencing work during winter.....	10,000	
			Total Change Orders issued to Poole Construction and Bennet & White (Jointly).....	8,200	8,200
4. Poole Construction Company.	A	1.	Credit due to adjustment of hangar door price	Cr. 5,740	
		2.	Deletion of provision of Engineer's Office.....	Cr. 1,680	
		3.	Installation of weeping tile to base-ments of 2 hangars.....	678	
		4.	Additional cost due to revised design of hangar doors, as Addendum 1....	18,245	
		5.	Reinforcing openings as Addendum 9...	489	
		6.	Winter protection hangar 2.....	87,716	
			Total Change Orders issued to Poole Construction Co.....	99,708	99,708
5. Bennet & White Limited.	A	1.	Deleting sump pit in M.E. Garage.....	Cr. 17	
		2.	Substitution of Chamberlain type door sills.....	45	
			Total Change Orders issued to Bennett & White Ltd.....	28	28
7. Sparling-Davis Co. Ltd.	A	1.	Deletion of provision of Engineer's Office.....	Cr. 200	
	B	1.	Additional labour and material in dishing the sump and substitution of fittings.....	2,172	
		2.	Transferring tanks and all materials from Namao to Cold Lake, changing roof manholes and supplying gas and lubricants.....	6,675	
			Total Change Orders issued to Sparling-Davis Co. Ltd.....	8,647	8,647
8. Dominion Construction Co. Ltd.	A	1.	Credit due to deletion of provision of Engineer's Office.....	Cr. 800	
		2.	Supply and erection of consulting Engineer's Office.....	2,928	
		3.	To provide for the installation of sewage pumping equipment, complete with motors, switches etc.....	3,686	
		4.	Supply and installation of water flow meter.....	1,889	
			Total Change Orders issued to Dominion Construction Co. Ltd.....	7,703	7,703

PART II—CHANGE ORDERS—Con.

R.C.A.F.—COLD LAKE ALTA—Con.

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
				\$	
9. Mix Bros. Ltd.....	A.	1.	Additional quantities above those shown in specification.....	9,060	
		2.	Credit for deletion of installation of culverts.....	Cr. 1,009	
		3.	Additional quantities beyond those specified.....	30,600	
		Total Change Orders issued to Mix Bros. Ltd.....		38,651	38,651
10. Sunley Electric Co.	A	1.	Additional work to power distribution as Addendum 1.....	1,126	1,126
12. Canadian National Railways	A	1.	Extensions of spur, sidings and trackage	104,780	104,780
14. Foster Wheeler Limited	A	1.	Variations of original design proposals. No money involved.....		
		2.	Additional cost of altered collars and flanges.....	150	
		3.	Clarification or wording—No money involved.....		
		4.	Additional cost of extra drawings.....	9	
		5.	Cancelling Change Order 4.....	Cr. 9	
Total Change Orders issued to Foster Wheeler Ltd.....		150	150		
15. Morrison Brass Company	A	1.	Correcting unit prices.....	997	
		2.	Additional quantities.....	92	
		Total Change Oreers issued to Morrison Brass Company.....		1,089	1,089
16. Canadian Ludlow Company	A	1.	Additional 6" lengths to 53 hydrants...	254	254
17. Crane Limited	A	1.	Deletion of certain materials.....	Cr. 63	
		2.	Addition of 2 special valves.....	83	
		3.	Addition of 45 fittings to valves.....	199	
		4.	Additional valves and fittings.....	1,030	
Total Change Orders issued to Crane Limited.....		1,249	1,249		

PART II—CHANGE ORDERS—*Con.*R.C.A.F.—COLD LAKE ALTA—*Con.*

Contractor	Contract	Change Order	Description	Amount	Total of Change Orders
18. Anthes-Imperial Company	A			\$	
		1.	Deletion of certain materials.....	Cr. 2,107	
		2.	Additional materials.....	2,198	
		3.	Adjustment of price error.....	1	
		4.	Special materials for crossing D.O.T. main trunk sewer.....	568	
			Total Change Orders issued to Anthes-Imperial Company.....	660	660
			Total Change Orders issued on all Cold Lake Contracts.....		132,002

APPENDIX No. 76

Mr. FLEMING: (Minutes of Proceedings and Evidence No. 17—Page 499)

Question by Mr. Fleming

(a) How many cases have there been where, upon receipt of tenders, the low tender was more than 15% over the Defence Construction (1951) Limited estimate, and you consulted with the Department of National Defence before recommending an award? (b) What action followed?

Answer

(a) There have been 31 such cases; (b) (i) Cases where the projects have been deferred, 11; (ii) Cases where tenders have been recalled and an award made at a price considered fair and reasonable and lower than obtained on the first tender, 3; (iii) Cases where tenders are in process of being recalled, 3; (iv) Cases where a contract was awarded after careful analysis of the contractor's tender showed that his price was fair and reasonable, due to there being factors which were not taken fully into account in the Defence Construction (1951) Limited estimate, such as especially difficult site conditions, cost of special mechanical equipment, etc., 14. Total, 31.

(Tabled on April 21, 1953 by D.C.L.)

APPENDIX No. 77

(Letter of Agreement)

City of

Board

August

Branch Manager,
Central Mortgage and Housing Corp.,

Dear Sir: Temporary arrangements for education of dependants of the D.N.B. personnel are hereby confirmed as follows:

1. The non-resident public school tuition fee to be paid by the R.C.A.F. to the Public School Board will be \$100.00 per year per pupil.

2. The non-resident High School tuition fee to be paid by the R.C.A.F. to the Collegiate Board will be \$50.00 per year per pupil while they can be absorbed in the present system.

This amount would be reduced in the case of Grades XI and XII by the amount paid by the Department of Education for non-residents.

The School Boards will bill the R.C.A.F. at the end of each month at the rate of \$10.00 per month for each Public School pupil in attendance during the month and \$5.00 less the non-resident grant per month for each High School student in attendance.

This accommodation will be provided as soon as it is needed.

Yours truly,

Secretary-Treasurer,
School District No. 1,
City of

Board

Appendix No. 78

(Copy of Agreement)

AGREEMENT made in duplicate, this day of in the
year of Our Lord one thousand nine hundred and (month)

BETWEEN:

HER MAJESTY THE QUEEN in right of Canada,
represented by the Honourable the Minister of
National Defence, (hereinafter called "the
Minister")

OF THE FIRST PART

—AND—

as established under the Education Act of Nova Scotia, (hereinafter called "the Board")

OF THE SECOND PART

Whereas it is necessary to provide additional school facilities for the Department of National Defence in connection with the Royal Canadian Naval Married Quarters,
in the Province of Nova Scotia for the education of children of members of Her Majesty's Armed Forces living there and for the children of civilian personnel employed by the Department of National Defence there;

Now therefore this Agreement Witnesseth that in consideration of the covenants and agreements hereinafter contained and set forth the parties hereto mutually agree each with the other as follows:—

1. The Minister covenants and agrees to construct, or cause to be constructed, on a direct basis by Central Mortgage and Housing Corporation as agent for the Department of National Defence, a school building, satisfactory for the above-mentioned needs or purposes, it being understood and agreed that the said school building is and remains the property of Her Majesty the Queen in the right of Canada and shall be included in the already established School Section No. _____, known as the _____ School District.
2. The Minister covenants and agrees to provide all supplies and equipment necessary for the operation of the said school.
3. The Minister covenants and agrees to provide adequate janitor service for the proper care, heating and cleaning of the said school.
4. The Minister covenants and agrees to reimburse the Board monthly at the rate of _____ Dollars per annum for each full time teacher engaged in the said school during such time as such teacher remains so employed.
5. The Minister covenants and agrees to reimburse the Board in addition monthly for any difference between the salaries paid to teachers by the Board as hereinafter contained and the applicable teachers' minimum salary as hereinafter mentioned.
6. The Board covenants and agrees to supply the necessary qualified teaching staff for the said Department of National Defence School at the rates now in effect and provided for in the teachers' minimum salary scale contained in Regulations under the Education Act of the Province of Nova Scotia or at such higher rates as may be approved by the Minister.

7. The Board covenants and agrees to pay the salaries of such teachers supplied in the manner aforesaid.
8. The Board covenants and agrees that the Minister shall have the right, should any teacher so supplied be considered unsuitable by him for reasons as set forth in the Nova Scotia Education Act, to request the Board to provide a suitable replacement for such teacher.
9. The Board covenants and agrees to use its best efforts to ensure that every teacher so supplied will teach diligently and faithfully during the continuance of this agreement and perform such duties and teach such subject or subjects as may from time to time be assigned, all in accordance with the Statutes and Regulations in that behalf in effect for the said Province.
10. The Board covenants and agrees that the same supervision will be provided in respect of the Department of National Defence School at the Royal Canadian Naval Married Quarters, in the Province of Nova Scotia, as at any other similar school in County.

It is understood and agreed by and between the parties hereto that all other matters relating to the conduct of the teachers so supplied, in the performance of their duties during the continuance of this agreement, except as hereinbefore provided, shall be the responsibility of the Board.

It is further understood and agreed by and between the parties hereto that this agreement shall be deemed to continue in force and effect from the date of this agreement until the 31st day of July, 1952, and thereafter from year to year until the 31st day of July in each year unless sooner terminated as follows: (a) On the 31st day of July in any year provided that written notice to that effect be given by either party to the other at least one month prior to such date of termination; (b) In case of an emergency which in the opinion of the Minister vitally affects the welfare of the said Department of National Defence School, the Minister may terminate this agreement at any time at the expiration of at least one month's written notice to the Board to that effect.

It is further understood and agreed by and between the parties hereto that this agreement and everything herein contained shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

In witness whereof the parties hereto have caused these presents to be executed under the hands of the officers duly authorized in that behalf the day, month and year first above written.

Signed, Sealed and Delivered on
behalf of the Party of the First
Part in the presence of

DEPARTMENT OF NATIONAL
DEFENCE

.....
Witness

Sealed, Attested and Delivered by
the duly authorized officers of the

THE

.....
Chairman

.....
Witness

(as to both signatures)

.....
Secretary

APPENDIX No. 79

(Copy of Agreement)

AGREEMENT made, in triplicate, this _____ of
in the year of Our Lord one thousand nine hundred and
fifty-one.

BETWEEN:

HER MAJESTY THE QUEEN AS REPRESENTED BY THE MINISTER OF
NATIONAL DEFENCE,

OF THE FIRST PART

AND

HER MAJESTY THE QUEEN AS REPRESENTED BY THE MINISTER OF
EDUCATION, OF THE _____, hereinafter called
"the Minister of Education"

OF THE SECOND PART

AND

THE TRUSTEES OF SCHOOL DISTRICT No. _____ IN THE

_____, a duly incorporated body under the laws of
the Province of _____, hereinafter called "the Board"

OF THE THIRD PART

Whereas, it is necessary to provide school facilities for the Department of
National Defence personnel stationed at R.C.A.F. Station _____,
for the education of children of members of the Department of National Defence
stationed at such place and for the children of civilian personnel regularly
employed by the Department of National Defence at such place;

Now, therefore, this agreement witnesseth that in consideration of the
covenants and agreements hereinafter contained and set forth the parties hereto
mutually agree each with the other as follows:—

1. The Minister of National Defence covenants and agrees to construct or
cause to be constructed, on a direct basis by Central Mortgage and Housing
Corporation, as agent for the Department of National Defence, a school
building, satisfactory for the above needs, to be constructed within the bounds
of R.C.A.F. Station School District Number _____,

2. The Minister of National Defence covenants and agrees to provide all
supplies and equipment for the operation of the said school.

3. The Minister of National Defence covenants and agrees to provide
adequate janitor service for the proper care, heating and cleaning of the said
school.

4. The Minister of National Defence covenants and agrees that the Com-
manding Officer of R.C.A.F. Station, _____, will accept
the appointment as Official Trustee of the R.C.A.F. Station School District
Number _____

5. The Minister of National Defence agrees that it will be the responsibility
of the Board of School Trustees to engage the required teaching staff and to
ensure that teachers so engaged will be licensed by the Province of _____
to teach in the Public Schools.

6. The Minister of Education covenants and agrees to contribute the
prevailing Government Grant in accordance with the teacher's license and
years of experience, and to deduct at the source:

- (a) legal contributions to Teachers' Pension Fund.
- (b) dues for the Teachers' Association Fund.
- (c) dues for the subscription of the Educational Review.

7. The Minister of Education covenants and agrees that said school will be considered a public school, and as such will be conducted according to the Schools Act and the regulations of the Board of Education of the

8. The Minister of Education covenants and agrees, that pupils attending said school will receive free textbooks in like manner to other public schools in the Province of

9. The Minister of Education covenants and agrees that the teachers of School District Number will receive credit for their years of service toward their retirement or pension fund.

10. The Minister of Education covenants and agrees that said School will be supervised in like manner to other Public Schools by the County Superintendent of schools.

11. The Board of Trustees covenants and agrees that it will pay the teacher's salary and said Board will be reimbursed by the Minister of National Defence for the difference between the salary paid and the Provincial Grant.

12. The Board of Trustees covenants and agrees to notify the Minister of National Defence from time to time, through the Official Trustee, of the salaries being paid and of any variations in such salaries for approval by the Minister of National Defence prior to the teacher being supplied by the Board.

13. The Board of Trustees covenants and agrees that the Minister of National Defence shall have the right, should any teacher so supplied be considered unsuitable, to request the Board to provide a suitable replacement.

It is understood and agreed by and between the parties hereto that this agreement shall be deemed to continue in force and if renewed for another year thereafter and so on from year to year until the 30th day of June in each year unless sooner terminated as follows: (a) on the 30th day of June in any year provided that written notice to that effect be given by either party to the other at least six months prior to such date of termination; (b) in case of an emergency, which in the opinion of the Minister vitally affects the welfare of the School, either party may with the consent of the Minister terminate this agreement at the expiration of at least one month's previous notice to the other.

It is further understood and agreed by and between the parties hereto that this agreement and everything herein contained shall ensure to the benefit of and be binding upon the successors and assigns of the parties hereto.

In witness whereof the parties hereto have caused these presents to be executed under the hands of the officers duly authorized in that behalf the day, month and year first above written.

Signed, sealed and delivered on
behalf of the Party of the First
Part in the presence of

.....
Witness

Signed, sealed and delivered on
behalf of the Party of the Second
Part in the presence of

.....
Witness

Signed, sealed and delivered on
behalf of the Party of the Third
Part in the presence of

.....
Witness

DEPARTMENT OF NATIONAL DEFENCE

.....
Deputy Minister

DEPARTMENT OF EDUCATION OF THE
PROVINCE OF

.....
Minister

BOARD OF TRUSTEES OF SCHOOL DIS-
TRICT No.

.....
.....
.....

(Copy of Agreement)

of Our Lord one thousand nine hundred and
BETWEEN:

HER MAJESTY THE QUEEN in right of Canada, herein represented by the Honourable, the Minister of National Defence, hereinafter called "The Minister"

OF THE FIRST PART

—AND—

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA herein represented by the Minister of Education, hereinafter called "the Province"

OF THE SECOND PART

WHEREAS, it is necessary to provide additional school facilities for Department of National Defence personnel attached to _____, in the Province of British Columbia, for the education of children of members of the Department of National Defence who will be occupying the units in the housing development at _____ and for the children of civilian personnel regularly employed by the Department of National Defence and living in this housing development;

AND WHEREAS it is intended that the schooling facilities in excess of the requirements of the Department of National Defence shall be made available to children in the surrounding district that cannot be accommodated under the existing facilities, and similarly schooling facilities in excess of the requirements of the surrounding district shall be made available to children of Department of National Defence personnel surplus to the accommodation of the school to be provided by the Minister;

Now, therefore, this agreement witnesseth that in consideration of the covenants and agreements hereinafter contained and set forth the parties hereto mutually agree each with the other as follows:—

1. The Minister covenants and agrees to construct or cause to be constructed, on a direct basis by Central Mortgage and Housing Corporation as agent for the Department of National Defence, a school building satisfactory for the above needs and to be located on Department of National Defence land in the vicinity of the housing development at
2. The Minister covenants and agrees to provide adequate janitor service for the proper care, heating and cleaning; and maintenance of the physical structure of the said schools.
3. The Province covenants and agrees to undertake the financing of all operating costs such as school teachers' salaries, books, and operating supplies and equipment (other than Capital equipment) necessary to keep the school within the educational requirements of the Province of British Columbia.
4. The Province covenants and agrees to appoint an Official Trustee who shall be responsible for engaging and contracting qualified teaching staff, purchasing books and operating equipment for the said school.

5. The Province covenants and agrees that the Minister shall have the right, should any teacher so engaged be considered unsuitable by him for reasons as set forth in the British Columbia Education Act, to request the Province to provide a suitable replacement for such teacher.

6. The Province covenants and agrees that the teachers so engaged will teach diligently and faithfully during the continuance of this agreement according to the laws and regulations in that behalf in effect in the Province of British Columbia and perform such duties and teach such subjects as may from time to time be assigned in accordance with the Statutes and regulations of the Department of Education for the said Province.

7. The Province covenants and agrees that the same supervision will be provided in respect of the Department of National Defence school to be constructed in the vicinity of _____ as at any similar school in the Province.

It is understood and agreed by and between the Minister and the Province that all other matters relating to the conduct of the teachers so engaged, in the performance of their duties during the continuance of this agreement, except as hereinbefore provided, shall be the responsibility of the Province:

It is further understood and agreed by and between the Minister and the Province that should the school to be provided by the Minister become overcrowded, the surplus children thereof shall have access to the schools in the district contiguous to the _____ housing development, providing accommodation is available; and similarly, the children surplus to accommodation of the schools in the district contiguous to the housing development shall have access to the Minister's school providing accommodation is available therein.

It is further understood and agreed by and between the Minister and the Province that this agreement shall be deemed to continue in force from the date of this agreement until June 30, 1951 and thereafter from year to year until the 30th day of June in each year unless sooner terminated as follows: (a) on the 30th day of June in any year provided that written notice to that effect be given by either party to the other at least one month prior to such date of termination: (b) in case of an emergency which in the opinion of the Minister vitally affects the welfare of the School, either the Minister or the Province may with the consent of the Minister terminate this agreement at the expiration of at least one month's previous notice to the other.

It is further understood and agreed by and between the parties hereto that this agreement and everything herein contained shall enure to the benefit of and be binding upon the successors and assigns of the parties hereto.

In witness whereof the parties hereto have caused these presents to be executed under the hands of the officers duly authorized in that behalf the day, month and year first above written.

Signed, Sealed and Delivered on
behalf of the Party of the First Part
in the presence of

.....
Witness

Signed, Sealed and Delivered on
behalf of the Party of the Second
Part in the presence of

.....
Witness

Her Majesty the Queen in right of
Canada herein represented by the
Honourable the Minister of National
Defence

Her Majesty the Queen in right of
the Province of British Columbia
herein represented by the Minister
of Education

Appendix No. 81

C.M.H.C. LANDSCAPING CONTRACTS—D.N.D. MARRIED QUARTERS AND SCHOOLS

Site and Project	Date of Contract	Original Contract Value	Change Orders	Total Commitment	Housing Units	Schools
		\$ cts.	\$ cts.	\$ cts.		
Rosehall Nurseries Ltd.—Brantford—						
Summerside.....1/49	25/11/50	24,900 00	11,660 00	36,560 00	150	
Summerside.....2/50	29/ 5/51	19,255 50	9,850 00	29,105 50	105	
Rockcliffe.....3/50	10/ 9/51	11,772 00	18,973 15	30,745 15	19	
Rockcliffe.....1/49	10/ 9/51	29,256 00	10,497 05	39,753 05	44	
Barriefield.....1/49	7/ 6/51	37,200 00	17,928 75	55,128 75	52*	
Barriefield.....3/50	1/ 8/51	2,184 00		2,184 00	4	
Calgary.....2/49	18/ 9/51	69,575 00	147 00	69,722 00	250	
Barriefield.....1/49	13/11/51	45,984 00	23,541 50	69,525 50	68	
Boundry Bay.....2/51	17/ 7/52	13,232 45	1,329 83	14,562 28	35	
Totals.....		253,358 95	93,927 28	347,286 23		
W. E. Baker—Brantford						
Petawawa.....1/49	4/10/50	32,300 00	18,809 23	51,109 23	125	
Petawawa.....2/50	12/ 9/51	12,617 10	3,133 50	15,750 60		
Petawawa.....3/50	23/10/51	13,730 51	1,627 00	15,357 51	26	
North Bay.....2/50	29/ 4/52	5,425 30	289 90	5,715 20		1
Rockcliffe.....2/50	17/ 6/52	24,561 74	9,630 80	34,192 54		1
Totals.....		88,634 65	33,490 43	122,125 08		
J. E. Chatten—Winnipeg						
Rivers.....1/49	6/ 9/51	31,485 10	1,836 00	33,321 10	100	
Rivers.....1/50	30/ 5/51	28,235 00	1,057 90	29,292 90	100	
Totals.....		59,720 10	2,893 90	62,614 00		
L. W. Rawding Construction Ltd.—Berwick—						
Greenwood.....3/50	31/ 7/51	17,986 39	10,334 64	28,321 03		1
Greenwood.....3/50	28/11/51	1,234 00	1,755 00	2,989 00		1†
Debert.....2/51	7/ 5/51	1,148 50	1,000 00	2,148 50	5	
McGivney.....2/52	17/ 6/52	2,300 00	1,318 60	3,618 60	10	
Shearwater.....2/50	16/ 6/52	11,503 00	5,085 00	16,588 00		1
Tufts Cove.....1/49	11/ 7/52	104,608 75	12,392 18	117,000 93		521 apartments
Tufts Cove.....2/50	5/ 8/52	28,178 00	16,634 25	44,812 25		
McGivney.....2/51	11/ 6/52	1,890 00	1,548 70	3,438 70	8	
Totals.....		168,848 64	50,068 37	218,917 01		
Jean Paquette—Rosemere Cte. Terbonne—						
St Hubert (2/50-3/51)....1/49	29/ 5/52	84,480 00	31,546 85	116,026 85	250	
St John, Que.....1/51	4/ 9/52	11,930 00	1,913 30	13,843 30	20	
Totals.....		96,410 00	33,460 15	129,870 15		
Le Service Paysagiste—Quebec City—						
Bagotville.....2/50	23/10/52	21,433 60		21,433 60		1
Valcartier.....1/50	13/ 5/52	16,793 00	20,098 30	36,891 30	61	
Totals.....		38,226 60	20,098 30	58,324 90		
Chas. W. Thompson—Middleton Cornwallis.....2/51	10/10/52	5,452 60	2,325 57	7,776 17	30	
Totals.....		5,452 60	2,325 57	7,776 17		
J. H. From—Winnipeg						
Shilo.....1/48	16/ 8/51	46,971 24	24,023 70	70,994 94	246	
Shilo.....1/49	16/ 8/51	57,000 00	22,853 75	79,853 75	300	
Shilo.....2/50	26/ 6/52	14,237 50		14,237 50		1
Dundurn.....1/51	10/ 9/52	1,620 00		1,620 00	6	
Dundurn.....1/49	10/ 9/52	1,080 00		1,080 00	4	
Totals.....		120,908 74	46,877 45	167,786 19		

* Also includes 8 court areas.

† To complete school.

C.M.H.C. LANDSCAPING CONTRACTS—D.N.D. MARRIED QUARTERS AND SCHOOLS

Site and Project	Date of Contract	Original Contract Value	Change Orders	Total Commitment	Housing Units	Schools
		\$ cts.	\$ cts.	\$ cts.		
H. H. Sutton—Toronto						
Trenton.....1/49	25/ 6/51	37,903 50	55,065 58	92,969 08	70	
Trenton.....2/50	13/ 5/52	20,600 65	10,948 93	31,549 58		1
Trenton.....3/50	16/ 7/52	104,175 00	13,587 05	117,762 05	281	
Totals.....		162,679 15	79,601 56	242,280 71		
Hislop Construction Co. Ltd.— Edmonton— Suffield.....1/50	17/ 9/51	24,975 00	1,552 50	26,527 50	76	
Totals.....		24,975 00	1,552 50	26,527 50		
Western Excavating Co. Ltd.— Calgary— Suffield.....2/50 Calgary.....3/50	3/ 7/52 1/ 8/52	6,702 00 23,999 00	..... 1,201 45	6,702 00 25,200 45	..... 103	1
Totals.....		30,701 00	1,201 45	31,902 45		
A. E. Pollock—Edmonton Nanawapit.....3/50	24/10/52	14,110 00	.....	14,110 00	.....	1
Totals.....		14,110 00	.....	14,110 00		
Bruce Construction Co. Ltd.— Clarkson, Ontario— Barriefield.....2/50 Barriefield.....3/50 Camp Borden.....6/50 Camp Borden.....7/50	13/ 5/52 13/ 8/52 6/12/52 25/ 6/52	20,935 72 101,198 80 23,700 00 51,450 00	8,641 50 26,111 80 3,493 00 11,611 75	29,577 22 127,310 60 27,193 00 63,061 75	..... 201 100* 90	1
Totals.....		197,284 52	49,858 05	247,142 57		
Hamilton Garden Services— Dundas, Ontario— Centralia.....3/50 Clinton.....2/50 North Bay.....1/50	13/ 9/51 2/10/51 26/ 8/52	13,577 20 7,312 00 38,250 00	674 30 1,570 60	14,251 50 8,882 60 38,250 00	..... ..... 170	1 1
Totals.....		59,139 20	2,244 90	61,384 10		
Maritime Landscape Garden Co. Ltd.—Moncton— Chatham.....2/50 Chatham.....4/50	29/ 5/51 11/ 2/53	19,252 00 14,294 00	748 59	20,000 59 14,294 00	75 65	
Totals.....		33,546 00	748 59	34,294 59		
Charles D. Haye— Zurich, Ontario— Centralia.....3/50 Centralia.....1/49	28/ 5/52 11/ 6/52	68,101 25 42,115 00	10,271 75 767 24	78,373 00 42,882 24	175 113	
Totals.....		110,216 25	11,038 99	121,255 24		
Shalama Gardens— Niagara Falls— Camp Borden.....4/50	18/ 8/52	30,485 55	17,993 05	48,478 60	.....	1
D. Janiten—Edmonton— Edmonton.....1/50	22/ 7/52	25,614 24	.....	25,614 24	136	
Ed Johnston—Burnaby— Belmont Park.....1/49	29/ 5/52	29,986 00	3,842 25	33,828 25	134	
W. Jorgensen—Calgary— Calgary.....2/49	26/ 6/51	11,451 00	4,248 50	15,699 50	35	
Desbiens and Gilbert— Chicoutimi— Bagotville.....1/50	27/ 5/52	51,260 00	20,479 00	71,739 00	220	

* Includes small park area.

D.N.D. SCHOOLS BUILT UNDER CONTRACT WITH CENTRAL MORTGAGE AND
HOUSING CORPORATION

Service	Location	Stage	Description	Cost (School Only)	Cost (School, Services, Landscaping etc.)
				\$	\$
Navy—	Esquimalt, B.C.....	IV	18 Room with Auditorium—Frame.....	440,496	483,727
	Shearwater, N.S.....	II	10 Room—Masonry.....	233,623	256,376
	Tufts Cove, N.S.....	IV	18 Room with Auditorium—Masonry....	641,629	Completed cost anticipated at approx. 720,000
Army—	Barriefield, Ont.....	IV	18 Room with Auditorium—Masonry....	568,045	602,850
	Calgary, Alta.....	IV	18 Room with Auditorium—Masonry....	615,008	643,446
	Camp Borden, Ont.....	IV	18 Room with Auditorium—Masonry....	575,238	628,797
	Petawawa, Ont.....	IV	18 Room with Auditorium—Masonry....	543,813	566,093
	Shilo, Man.....	IV	18 Room with Auditorium—Frame.....	530,678	555,454
	Picton, Ont.....	I	6 Room with Auditorium—Masonry....	159,424	173,359
Air Force—	Bagotville, P.Q.....	I	6 Room—Frame.....	256,049	277,482
	Bagotville, P.Q.....	I	4 Room—Frame.....		
	Camp Borden, Ont.....	II	10 Room—Masonry.....	299,410	318,063
	Centralia, Ont.....	III	14 Room with Auditorium—Frame.....	375,340	432,225
	Chatham, N.B.....	II	10 Room—Frame.....	230,253	254,543
	Clinton, Ont.....	I	6 Room—Frame.....	139,985	158,944
	Greenwood, N.S.....	IV	18 Room with Auditorium—Frame.....	411,919	448,110
	Namao, Alta.....	IV	18 Room with Auditorium—Masonry....	579,446	618,042
	North Bay, Ont.....	I	6 Room—Frame.....	166,736	172,451
	Rivers, Man.....	III	14 Room with Auditorium—Frame.....	423,006	448,542
	Rockcliffe, Ont.....	IV	18 Room with Auditorium—Masonry....	529,633	565,125
	Summerside, P.E.I....	II	10 Room—Frame.....	199,376	221,849
	Trenton, Ont.....	IV	18 Room with Auditorium—Masonry....	536,545	578,351
	St. Hubert, P.Q.....	I	6 Room—Masonry.....	144,364	167,926 (Estimated)
D.R.B.—	Portage la Priairie, Man.....		Steelox—6 Classroom.....	61,370	70,309 (Estimated)
	Ralston, Alta.....	I	6 room with Auditorium—Masonry.....	154,706	175,094

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Defence Expenditure
Special Committee on, 1952/53

HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

SPECIAL COMMITTEE

ON

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 25

THURSDAY, APRIL 23, 1953

WITNESSES:

- Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited.
- Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1953

MINUTES OF PROCEEDINGS

THURSDAY, April 23, 1953.

(27)

The Special Committee on Defence Expenditure met this day at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Cavers, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Herridge, Hunter, Jutras, Larson, McIlraith, Pearkes, Stick, Thomas and Wright (22).

In attendance: Messrs. R. G. Johnson and J. Kendall of Defence Construction (1951) Limited; Messrs. H. A. Davis and W. R. Wright of the Department of National Defence.

The Chairman tabled replies to questions by Messrs. Applewhaite, George and Herridge, namely:

1. Recovery of rental from D.O.T. for four P.M.Q.'s at Churchill.
2. Size and capacity of chapel at Churchill.
3. Distribution of sewerage disposal plant at Churchill.

The above were ordered printed. (*See Appendices Nos. 83, 84 and 85*).

The Chairman announced that arrangements were being made for a visit to a radar establishment on Wednesday, April 29th next. He instructed the Clerk forthwith to circularize the members with the program for that day.

Mr. Johnson was called and examined on his memoranda on Namao, Cold Lake and Rocky Point.

Mr. Davis was also called and supplied answers with respect to R.C.A.F. personnel at Cold Lake, Cantilever Hangars and Naval Magazines.

Mr. Davis undertook to table at the next meeting answers not readily available.

Although the Committee concluded its examination of the witnesses on construction, it decided to devote part of the next meeting to further examination of the witnesses.

Referring to the Second Report of the Sub-Committee on Agenda (*printed on page 77*), Mr. Fleming renewed a previous request and urged that the Committee take evidence on expenditures for the production and acquisition of aircraft.

After discussion, the Chairman felt that the Committee would have sufficient time to make a thorough examination.

At 1.05 o'clock p.m., the Committee adjourned to meet again on Tuesday, April 28, at 11.30 a.m.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

APRIL 23, 1953.

11.30 a.m.

The CHAIRMAN: I have three answers to questions this morning; one by Mr. Applewhaite, one by Mr. George and one by Mr. Herridge. They are very short, they will be filed and copies will be passed out.

I made arrangements for members of the committee to visit a radar station. The day which would seem to be most convenient is Wednesday the 29th. It is intended to leave here in the morning and return the same day about six o'clock. Just for your information the station is classified. All of you will be contacted by the clerk and those who wish to go will be more than welcome.

Mr. FULTON: Will we be screened?

The CHAIRMAN: Do you feel you need it?

We have for consideration this morning the matter of Cold Lake and Rocky Point.

Mr. THOMAS: Before that I have a question of privilege.

On page 544 of the evidence No. 19, I asked whether or not it would be possible in that case that the contractor, knowing that there was going to be no penalty attached to it, was letting this work go and doing other private jobs which were taking some of his equipment that should have been used on this job? The answer is "That was not the situation." Then, Mr. Macdonnell went on with quite a follow up and said—let me sum up this rather long question—"do you know whether or not the Alexander Construction Company had other contracts and whether there were delays on those too?" The answer was: "The Alexander Construction Company did not have any other contracts of any size at the time. They were devoting themselves primarily to this contract, and giving their attention to this contract."

Now, Mr. Chairman, that was right at the period when he did complete his work during the nine months as set down in the contract and we find that he was given the contract for 21 buildings at Cold Lake during that period—the period of extension between February and May of 1952—which was the period under discussion at that time. It was a contract of \$4,939,000. The answer I and Mr. Macdonnell were given at that time was that "he had no other contracts of any size at this time." I would think that is a pretty large contract.

Mr. R. G. Johnson, President and General Manager, Defence Construction Company (1951) called:

The WITNESS: I must say it was my impression Mr. Macdonnell at the time was referring to private works other than with Defence Construction.

By Mr. Thomas:

Q. I said private but Mr. Macdonnell said "Do you know whether the Alexander Construction Company have other contracts?" And the answer was: "The Alexander Construction Company did not have any other contracts of any size at the time." It would appear to me that in accepting this

second contract he would have to split up his facilities to quite an extent. In that regard I think the answer is incorrect.—A. Alexander was well along with the work at Penhold at the time he began the work at Cold Lake.

Q. He could not have been very well along when he had not turned over any buildings?—A. A number of them were substantially complete.

Q. There were only five turned over a year after that date.

The CHAIRMAN: Mr. Thomas, perhaps a little confusion arose because there appear to have been two questions rather than one; one by you and one by Mr. Macdonnell.

The WITNESS: I must say that basically my answer at that time was on the basis which was suggested that Alexander was diverting perhaps some of the material that he might have applied to the Penhold site to private works.

By Mr. Thomas:

Q. Actually the second question does not indicate that, but the fact remains he would have to divert a good deal of his equipment from Penhold to get it to Cold Lake—21 buildings.—A. As I say the work at Penhold had proceeded to the stage where it was not felt the work he was doing at Cold Lake would prejudice the work at Penhold.

The CHAIRMAN: Gentlemen, Mr. Johnson is here to deal with Cold Lake and Rocky Point.

By Mr. Thomas:

Q. I will just ask one question on this. Why was it considered advisable to give Alexander the contract when he was not able to fulfill his contract at Penhold?—A. As I have indicated, the difficulties that Alexander had at Penhold were not of Alexander's own making. I think I have dealt at considerable length with the problems.

Q. One of the reasons you gave was a shortage of labour.—A. The sources of labour in Alberta and the supply of labour in Alberta were such that any contractors engaged either at Penhold or Cold Lake were faced with a serious problem. The volume of work, particularly in the Edmonton area, relating to the oil and chemical industries was such that there was a real problem for the construction industry as a whole. And while we refer here to Alexander having had those difficulties, Alexander was not alone in the difficulties. Any contractor going to Cold Lake would have those problems.

Q. If he could not get a sufficient labour force to do his job at Penhold, how could he get a sufficient labour force to handle two jobs?—A. Any contractor was going to be faced with that problem. It was not peculiar to Alexander.

Q. But could he if he did not have that second contract put a greater labour force into his work at Penhold?—A. Well, I think I have answered that. It was not peculiar to Alexander. He was in the same position as any other contractor, either at Penhold or Cold Lake.

Q. I understand that, but you still have not answered my second question. If Alexander had labour trouble at Penhold he should not have been given the second contract.

Mr. DICKEY: There is no suggestion of labour troubles.

The CHAIRMAN: It was the inability to obtain labour.

By Mr. Thomas:

Q. If he could not get enough labour to handle one job how would it be considered he would have enough to handle two?—A. The construction industry as a whole in Alberta was faced with the problem.

Q. Some of the labour that went to Cold Lake could have been used at Penhold if he had not that second contract.

Mr. APPLEWHAITE: If the Cold Lake contract had been let to somebody other than Alexander, would he have had the same labour shortage or not?

The WITNESS: They would be faced with the same problem.

Mr. THOMAS: But he could have thrown his whole labour force into the work at Penhold.

Mr. BENDICKSON: It is not his labour force. He hires them.

By Mr. Thomas:

Q. But nevertheless if he had not had those people working there he could have thrown the whole thing into Penhold.—A. There is another factor there. That is the interest of labour itself in where it chooses to work, and the labour that might be attracted to Penhold is not necessarily the same labour which would be attracted to Cold Lake. Cold Lake is a much more isolated location shall we say than Penhold. The contractors operating at Cold Lake have set up quite elaborate camps and have rather special arrangements for attracting the labour there as compared with Penhold.

By Mr. Wright:

Q. Was the only reason why the contracts were not offered to the Alexander Construction Company the matter of Alexander not having the equipment to carry on with the two contracts?—A. There were no equipment problems as far as Alexander's were concerned. The difficulty with Alexander in the year 1951 related, as I mentioned before, to steel and sitting and matters of that kind, which were the sort of problems that created the original difficulties in construction in Penhold, and by 1952 the steel problem was not as serious, and, I may say that the fact is that Alexander has progressed much better at Cold Lake, along with other contractors there, than at Penhold because the circumstances there have been quite different.

By Mr. Thomas:

Q. How many of these buildings have been completed? I understand 2 of these 21 were not proceeded with. How many of the remaining 19 are completed at the present time, and also while you are looking that up, could you please give me the completion date as set down in the contract.—A. On page 1 of my statement on Cold Lake the progress of the buildings is dealt with under the paragraph on the Alexander Construction Company. Work proceeded on most of the buildings concurrently, with the result that none of them have actually been completed, but a number of them are well advanced.

By Mr. Harkness:

Q. Of the 21 buildings which the Alexander Construction Company got a contract for, I see two were cancelled. Were contracts let for these two to some other company?—A. No, sir. They were temporarily, I think, postponed, and we decided not to proceed with them at the time, at the request of the Department of National Defence.

Q. No new contracts were let on them?—A. No sir.

By Mr. Dickey:

Q. Mr. Johnson, the contracts of the Alexander Construction Company on both Penhold and Cold Lake are on a firm price basis as a result of a call for tender.—A. Both Penhold and Cold Lake were let as a result of publicly advertised competitive tenders, and Alexander was the low tenderer in both cases.

Q. And you were satisfied I presume from the point of view of equipment and that sort of thing the contractor was capable of doing the work?—A. That is correct.

Q. With respect to the supply of labour in Alberta, what are the nature of the civilian projects there that are competing for the available construction labour force in Alberta during this period?—A. There are some very large projects being undertaken relating to the oil industry and the chemical industry, particularly in the Edmonton area, and these works are almost entirely being carried out on a cost plus type of contract. They require a large labour force, and the result is that contractors working on these contracts are in a preferred position in attracting labour to them, and the contractors operating on our contracts against firm prices have had to compete under not too favourable conditions for the existing labour.

Q. Well then, would it be fair to say that this difficulty in getting labour, encountered by the Alexander Construction Company, is one of the prices we have to pay for letting out work on a firm price basis under existing conditions in Alberta?—A. There is no question at all about that. This applies to our program generally, since we insist on a firm price policy, and the difficulties have been a little more acute in the province of Alberta than elsewhere.

Q. And in your opinion would any contractor having received these contracts on a firm price basis have difficulties very similar to the difficulty in attracting labour that Alexander has encountered.—A. They would have had precisely the same difficulty.

Q. And would it also be correct to say that if the Cold Lake project had been gone ahead with at this time before the Penhold one was completed, that no matter who the contractor was the additional strain on the available labour force would have been exactly the same, whether for Alexander or anybody else?—A. The labour requirements would have been just the same, and their problem would have been just the same, whether it was Alexander or some other contractor.

By Mr. Harkness:

Q. That is, really not necessarily true, because I know conditions in Alberta fairly well, and as a matter of fact a contractor out there has a certain labour force of people who work for him all the time, and if he gets a job which requires more people, he has to go out and get them where he can, but usually a man has a considerable number of people whom he has kept on his list, and who are employed practically all the time, and the more the contracts are spread out, actually the greater the chance of getting the project completed in the time it is supposed to be completed.—A. It is true that contractors normally have a small nucleus of employees with them that they like to keep with them, but the fact is, as I say, that that is usually a rather small nucleus, usually of key personnel, and it does not apply to what was required both at Penhold and Cold Lake which was a large labour force composed of plumbers, electricians, heating men and that sort of thing, tradesmen and carpenters and general labour required for the project, and their problem was not mainly as to key personnel.

Mr. BENIDICKSON: To operate on the basis proposed by Mr. Harkness, you would have to avoid the policy of accepting the lowest tender.

Mr. HARKNESS: It is desirable where possible to spread the contracts out, because there is a better chance of getting the contract completed.

Mr. APPLEWHITE: How many men do the R.C.A.F. propose to have at Cold Lake when the project is completed?

Mr. THOMAS: While Mr. Davis is looking that up, do you have the answer to the question I asked on the completion date that was laid down in the contract?

Mr. DAVIS: May I give the answer on Cold Lake?

Mr. APPLEWHAITE: Perhaps the witness could give Mr. Thomas his answer because I would like to follow that up.

Mr. JOHNSON: The date shown in the formal contract, Mr. Thomas, was the 1st of September, 1952. This was the date that had been suggested by the Department of National Defence, as the time when they would like to have the buildings. In view of the fact that the contract was not let actually until late March, it was not considered by ourselves to be a realistic date, but was placed in the contract rather as an objective, but it was not seriously felt by ourselves that the 21 buildings of the magnitude called for here could be completed in that time.

By Mr. Thomas:

Q. It is a signed contract?—A. It is a signed contract.

The CHAIRMAN: Have you the answers to Mr. Applewhaite's question?

Mr. DAVIS: The establishment proposed for Cold Lake consists of 202 officers, 1,585 airmen and 187 trainees. There will be in addition to that 128 aircraft.

Mr. APPLEWHAITE: How many people do they anticipate? If that is the staff, some of them will have families I presume.

Mr. DAVIS: There are at present approved 355 married quarters and on the basis of dependents which we might expect there we would have in the neighbourhood of eleven to twelve hundred dependents; in addition to the establishment.

Mr. APPLEWHAITE: Are you expecting to have to build a school there?

Mr. DAVIS: There will be a school required there, yes.

Mr. APPLEWHAITE: This is an air to ground guided missile training station. Is that the only purpose for which it will be used?

Mr. DAVIS: It is perhaps not the only purpose, but it is one of the most important activities which will be carried out there. It is being developed to meet the needs of an air weapons centre remote from a built up area where air crews could be trained in advanced weapon work and where weapons can be tested without endangering the civilian population. When we are sending squadrons overseas it is very desirable that they should be trained to operational standards before they leave here and this is one of the facilities considered very necessary to round out their training.

Mr. APPLEWHAITE: Perhaps this witness does not know, but are there other useful R.C.A.F. purposes to which the station could be put?

Mr. DAVIS: There are certainly other useful purposes. It will provide airfield facilities which could be used for other than training purposes if required, but the primary object of the station is for this advanced weapon training.

Mr. APPLEWHAITE: What I am trying to get at—naturally the construction people cannot tell me—is assuming that there is some change in our guided missile training or program, I am wondering whether the money spent on Cold Lake is going to be a total loss or whether there are other purposes to which it can be used or whether any consideration has been given to so constructing it that it could be used for other things than just this air to ground training school?

Mr. DAVIS: The indications are now that the program to which Mr. Applewhaite is referring is likely to increase rather than decrease and that the importance of Cold Lake for this purpose is likely to increase as well. But, in addition to that the advanced training for air weapons including the firing

which will be carried out there and is a requirement which exists with the present equipment of the aircraft.

Mr. APPLEWHAITE: The chairman will stop me if I am over the bounds at any time. When you refer to training with air weapons, that includes weapons other than air to ground guided missiles?

Mr. DAVIS: Yes, it does.

Mr. APPLEWHAITE: And there will be other training going on?

Mr. DAVIS: Yes.

Mr. APPLEWHAITE: With reference to this Alexander Construction Company contract, 4 officers' quarters and 2 NCO quarters, are those married quarters or single?

Mr. DAVIS: Those are all single quarters. The married quarters are in addition to anything listed in this contract. They have not been awarded yet.

Mr. APPLEWHAITE: Are the 21 buildings, in various stages of completion now with 50 per cent construction on them, proceeding as fast as we could reasonably expect? Are there any labour difficulty or other delays at the present time?

Mr. JOHNSON: We are reasonably satisfied with the progress on them. I might say, when we say we are reasonably satisfied, one of the main activities of our engineers in charge of the work is to press the contractors to put as large a labour force as possible on the job and to accelerate the work as much as they can. That is one of their basic activities. We are never completely satisfied with the progress of a contractor on a job because we are always hoping he will do the work a lot faster. But a fair answer is we are reasonably satisfied with the progress of work and the efforts of the contractors in obtaining labour. Labour has been a main problem at Cold Lake and has had every attention from our people and the contractors at the site.

Mr. APPLEWHAITE: Does the same apply to equipment and materials?

The WITNESS: Equipment and materials are in much better supply than the labour.

Mr. HERRIDGE: I see a notation here that one of the officers quarters caught fire and burnt to the ground. What was the reason for that fire?

The CHAIRMAN: Is it Cold Lake?

Mr. HERRIDGE: Yes. Cold Lake, page 1 of mimeographed statement.

The WITNESS: There was a flash fire, sir. On the morning of the fire concrete for the subfloor had been poured and, as it was cold, an oil fired salamander heater had to be set up on one of the slabs to protect the new concrete. At approximately midnight two workmen noticed the slab under the salamander heater was getting too hot. They tipped the heater to slide asbestos under the base and the heater flared up and spread oil and the men were naturally frightened and left there in considerable haste. The joists caught fire immediately and the fire was out of control almost at once.

By Mr. Applewhaite:

Q. Whose loss was that?—A. The fire insurance company's.

Q. It was covered by insurance?—A. Yes. I might say there was fire fighting equipment in the form of fire extinguishers and pails of sand immediately available but because of the excitement at the time and the fact that the fire got out of control so quickly in spite of the availability of the equipment the fire got out of hand and the use of equipment was of no avail.

Q. Under the Bird Construction Company heading you have a contract to instal a generating unit. By whom was that awarded to Foster Wheeler Limited?—A. By Defence Construction, sir.

Q. Would you mind explaining why it was awarded to Foster Wheeler and yet shown as Bird Construction Company?—A. In the case of certain items of material I have mentioned before, structural and reinforcing steel and also certain mechanical equipment, and steam generating equipment such as boilers, because of the rather long deliveries involved we have wherever possible called for tenders for such items in advance of a general tender call. Usually we have been in the position that we knew what boilers might be required before plans and specifications for a central heating system were complete. In order to save considerable time and assure deliveries much earlier than might otherwise have been possible by letting the contract to the general contractor we have pursued the policy of separate advance tender calls for such items. When the general contract for the main construction is let we assign the contract for the steam boilers or whatever it may be to the general contractor.

Q. This undertaking is supposed to be completed by July 31st. Is that 1953? —A. Yes, sir.

Mr. HERRIDGE: Mr. Chairman, on the same question there is a note here that "there was a series of delays arising from the decision to change the plant from lignite to natural gas and the consequent redesign." Who would make that decision and why was the decision made?

Mr. DAVIS: That decision was made by the Department of National Defence. The reason for it was that we had reason to believe that ample supplies of natural gas would be available and that they would provide us with a cheaper and more effective fuel for heating than the coal for which it was originally designed. There have been a series of exploratory tests and discoveries in the vicinity and we were endeavouring to obtain proved sources of natural gas in time to permit us to utilize it for our heating there.

Mr. DICKEY: Is there any indication there may be sources of natural gas there which may be used?

Mr. DAVIS: Yes. That has been proved. Our plant has been redesigned and we are proceeding on the basis of burning gas at Cold Lake.

Mr. DICKEY: Will that gas be supplied by utilities companies in the area or some other arrangement.

Mr. DAVIS: There is an agreement I believe for obtaining the gas to meet our requirements from a company in the area which had available the proved sources of gas.

Mr. DICKEY: I understood that one of the buildings at Cold Lake is a Cantilever hangar and there were some questions at a previous meeting about these cantilever hangars and I thought you were going to try to get a report on this particular type which is a very large and important building and runs into quite a bit of money. Perhaps Mr. Davis might be able to tell us what a cantilever hangar is and how it compares with the similar wartime type of hangar we are all accustomed to?

Mr. DAVIS: Mr. Chairman, with your permission I would like to review the basis of design for hangars in the RCAF. The working buildings of the RCAF which include hangars, shops, etc., have been designed in line with the practice of industry. It has been found by industry where there is a foreseeable continued use, that the most economical construction over the years is a permanent type of steel or concrete masonry structure. Examples are the plants of Ford, General Motors, railway companies, etc. In fact wherever the financial ability of industry permits the higher capital cost of permanent construction, it invariably builds permanently and thus achieves the lower cost over the years inherent in permanent construction. Prior to the design of our first postwar hangar which is the 160 foot span concrete arch hangar, the

consulting engineer (approx. 3 years ago) visited the USAF and US army corps of engineers in Washington and it was found that the USAF were building arch type hangars in spans of 160 feet, 240 feet and 300 feet at their permanent sites. They were also building other types of permanent hangars in steel and masonry.

It was decided that a span of 160 feet would accommodate most of the aircraft types used by the RCAF—but with a need still outstanding for a hangar at main bases that would be able to cater to the larger aircraft that the RCAF will undoubtedly have to accommodate in the future. Twice in the short history of the RCAF, hangars have become outgrown and made obsolete by the rapid development of the aircraft design. It was felt that everything possible should be done to avoid this happening again.

When the 160 feet span hangar was designed, the above factors had to be considered and the cantilever hangar was conceived. It was decided that a certain number of 160 foot span hangars would be built that would be able, indefinitely, to accommodate airplanes up to that hangar size and the cantilever would be built at main bases to provide accommodation for any aircraft of the future including the C99 and B36, which are the largest aircraft thus far designed.

A comparison of an estimated cost of the 160 foot span hangar plus the additional facilities provided in the cantilever versus the cantilever type hangar, reveals that the cantilever hangar will cost approximately \$14 per square foot of gross floor area as against approximately \$16 per square foot gross area for the 160 foot span.

Thus in the cantilever hangar, we have succeeded in providing space to accommodate the largest aircraft in production at a unit cost somewhat less than the cost of 160 feet span conventional hangar, and considerably cheaper than the cost of the conventional hangars capable of accommodating the largest aircraft.

The question will arise: why are we building 160 foot span hangars if we can build the cantilever cheaper? The reason for this is the structural nature of the cantilever hangar requires a centre section approximately 125 feet wide suitable for storage, shops, etc. The space disposition in Stage II of this hangar is centre section $125 \times 300 \times 3 = 112,500$ square feet and the aircraft storage area $148 \times 300 \times 2 = 88,800$ square feet. The centre section provides space for armament section, supply, photo section, telecommunication shop, safety equipment section and aircraft workshops, practically all of which facilities would require separate buildings if only conventional hangars were used.

However, on the average station one cantilever while providing in the centre section all of the shops, etc. space required, does not provide sufficient aircraft storage space. Therefore, a cantilever hangar must be supplemented by conventional type hangars.

The USAF provide for their large aircraft in 300 foot span conventional type hangars. It would have been much more costly for the RCAF to have insured against the future need for the larger hangar by following the USAF as the cost increases at a much more rapid rate when the spans of conventional hangars are increased.

The CHAIRMAN: That is your answer?

Mr. DAVIS: I think that is sufficiently complete. I might add that we have had a visit to the States in the last few months and have examined a cantilever hangar in the States and we have discussed this form of construction with the firm concerned and also with the officers from the United States Army Air Force. They are very interested in this form of construction and are proceeding with it. So that we feel that we are on the right lines which have been confirmed by experience in other countries as well as meeting our requirements here.

The CHAIRMAN: Gentlemen, may I say to you now that at the next meeting we will commence to prepare our report. If there are further questions give them to witnesses today.

Mr. APPLEWHAITE: I want to put one on the record now, and the reason why I am doing this is that I understand Cold Lake is a very greatly isolated area and I would like a word of explanation as to why it is necessary to spend nearly a quarter of a million dollars to put in a sewage treatment plant and what that plant would consist of.

Mr. DAVIS: I can answer the first part of the question as far as the requirement for the sewage treatment is concerned there will be a population as I have detailed of between two and three thousand people, and it is very necessary that there should be a disposal plant, for sewage with a community of that size. The type of treatment plant is quite conventional. I can obtain details if the committee would be interested, to show the actual dimensions of the digester and other units for the treatment of sewage designed to give disposal based on the estimated population.

Mr. APPLEWHAITE: I understand that cities the size of Ottawa have not always got sewage treatment. There must be a reason for having to put one in. I say too with respect to the Albertans that I doubt if there is a town in Alberta of that size that has a sewage treatment plant. There must be a reason from putting it in here.

Mr. DAVIS: Where there is some satisfactory means of disposing of the sewage we do not go in for treatment. There was the question of Churchill where we disposed of sewage by piping it out and dumping it into Hudson Bay.

Mr. APPLEWHAITE: I assumed that was the answer but I did not want to give it.

Mr. HARKNESS: I see there is a cost of \$237,000 and \$253,000 for the sewage plant.

Mr. JOHNSON: That is the range of bids.

Mr. HARKNESS: Total cost of \$237,000?

The WITNESS: Yes. There were two tenders.

Mr. THOMAS: Where are they getting the water for this plant. Are they digging some more wells?

Mr. DAVIS: I have no details of the actual plant but there is a water supply adjacent to the camp. I believe it is from Lac La Biche which is not actually at the camp site but within a reasonable distance. There is also another lake closer to the camp but I am not in a position offhand to tell you where the supply is coming from.

The CHAIRMAN: But there is ample water in the area?

Mr. DAVIS: Yes. We do not have the same problem of drilling wells we had at Penhold.

Mr. THOMAS: Lac La Biche is quite a distance.

Mr. PEARKES: On Rocky Point on page 391 of the evidence you tell me that the Rocky Point magazine is to replace the existing depot at Colwood and then you go on that there is an estimated cost for that development of five million dollars for which provision has been made in 1952-53 estimates for \$3,750,000. Then on page 415 I asked for information regarding the cost of Colwood magazine. Yesterday answers to questions that I had placed on the order paper were given regarding this Colwood magazine, page 4203 of *Hansard*. The first question I asked was "When was the Colwood magazine, on the west side of Esquimalt Harbour, British Columbia, constructed?" and the answer is "During the period of 1937 to 1939." Another question I asked was "What was the total cost of construction of the various buildings, ammunition stores and jetties?" And the answer to that is "In so far as existing records show,

the total cost of construction was \$413,742.17". Now, I am bound to ask why there is an enormous range in the cost of these two projects. Here Colwood magazine which was constructed just before the war cost \$413,000 odd and now you are going out into the country some fifteen miles away from the city where you are taking just ordinary farm land and you again construct a similar type of magazine at a cost of \$5 million instead of \$413,000. One cannot help but ask why there is such a great difference?

The CHAIRMAN: You use the term similar magazine.

Mr. PEARKES: I am told it is to replace.

Mr. DAVIS: I think that to replace is not quite correct but it also deals with a greatly expanded requirement. This requirement was envisaged shortly after World War II and stemmed not only from the fact that insufficient space existed at the Colwood magazine but mainly because the existing safety factors (i.e., explosive limits, safety distances, etc.), were found to be completely inadequate—regulations subsequently increased the safety distances by two. Apart from the increase in safety distance was the fact that public building was encroaching, not on government property, but within the area which would be necessary to be obtained to meet the new safety regulations. The first consideration then was that the magazine had to be moved anyway or remain as a public danger—a very pregnant situation with the 1945 Bedford explosion uppermost in the minds of those concerned.

In planning the Rocky Point magazine navy took into account not only the quantity of ammunition held at Colwood but the amount which was required in Canada for M. day, the storage available elsewhere and the minimum necessary to meet day to day fleet requirements on the west coast. It so happens that some of the reserves of ammunition that are going into Rocky Point would normally be held at Kamloops. However, it is not possible to extend Kamloops capacity any further than as presently set up—it is practically built on the side of a mountain now and there is no further site suitable for construction.

Mr. FULTON: But you are actually doing that.

Mr. DAVIS: It was considered not economical to expand Kamloops further as against building additional magazines at Rocky Point.

Mr. FULTON: I have not got the figures at the moment, but there was some additional increase in the amount under their control at the Kamloops depot, and I would say it is roughly by as much again as the original size.

Mr. DAVIS: I think I did mention the need for an increased danger area, and it might well be concerned with the danger area, and not new construction on the magazine at Kamloops.

Mr. FULTON: They have just recently spent, I think the figure was given in the House, but I have not got it at the moment, but to my recollection it was about \$845,000 for the last calendar year for new magazine storage facilities at the Kamloops depot.

Mr. DAVIS: That is so, but this is to complete the planned capacity at Kamloops, and the planned capacity of Kamloops plus Rocky Point is taken into consideration in meeting the naval requirements for the west coast.

Mr. FULTON: But you told us at a previous meeting that the Kamloops depot was a purely storage depot, a reserve depot, whereas the Rocky Point depot was going to be provided for the purpose of receiving ammunition loaded off ship, and immediate ammunition for purposes of—

Mr. DAVIS: It is a ready magazine for receiving ammunition.

Mr. FULTON: It is not a storage depot is it in the sense that the Kamloops is?

Mr. DAVIS: Rocky Point was not required primarily as a storage magazine in the same sense as Kamloops, and the immediate size to which it could be built would be based on the requirement for ready ammunition adjacent to the dockyard. However, there is a certain increment which has been placed at Rocky Point which might have been placed at Kamloops, but the overall requirements—of ammunition storage on the west coast have not been affected by the relative size of Kamloops and Rocky Point.

Mr. FULTON: I do not quite follow.

Mr. DAVIS: If you had added a certain portion to Kamloops it would have reduced the portion at Rocky Point, and it was due to the factors of the site and cost and development at Kamloops and Rocky Point, that decided where that additional space should be placed.

Mr. PEARKES: I wonder whether that should be the guiding factor. I know this area very well, and I do not want to—

The CHAIRMAN: Do you know the size of the magazine, the old one and the new one, and how do they compare?

Mr. PEARKES: Oh yes, but I cannot tell you the actual acreage, but I do know the size of the area at Rocky Point, and I know the size of the area at Kamloops. It is not so much the question of the area—but I am afraid I am getting into policy now, and I apologize if I do, but I do question the wisdom of placing reserve ammunition in such an exposed position as on the coast at Rocky Point.

The CHAIRMAN: That is a question of policy.

Mr. PEARKES: The question I would like to ask, and I apologize if I state facts, but Rocky Point is a very flat area. It is promontory with no large hills or anything on the actual land which has been acquired. Would it not have been better to have placed reserve ammunition in a hilly area such as Kamloops. Even then I would like to ask whether there were investigations made as to the advisability of placing the reserve ammunition back in what is known as the Sooke Hills, that is hilly land a few miles back from Rocky Point.

The CHAIRMAN: I think you are little outside our field, though I appreciate the point. I thought you were concerned with the difference in the cost.

Mr. PEARKES: I am, with the tremendous difference in the cost, and I do not think it is justified. To tell the truth, I cannot get it into my head that it is justified.

The CHAIRMAN: Mr. Davis, can you tell us anything about the difference between the cost of the old magazine 1937, 1939 and the cost of the new proposed magazine?

Mr. PEARKES: How many ammunition stores were in the old one, and how many are you planning in the new one. Can you tell us the quantity of ammunition stores in the old one, and the quantity which is going to be stored in the new one? There has never been any suggestion made that the Colwood magazine proved to be inadequate during the war.

The CHAIRMAN: Let us not get into that, but stick to the cost. Is it possible for you to help us Mr. Davis?

Mr. DAVIS: I have the actual number of thousands of tons here of the ammunition which will be stored at Rocky Point and which has been calculated on the basis of the navy requirements.

Mr. PEARKES: It may not be desirable for security reasons to tell us, but could you tell us the percentage over and above what was stored at Colwood? Is it ten times as much, is it a hundred times as much?

Mr. DAVIS: I have not the figures of what is actually stored at Colwood at the moment, but I can obtain that for you.

The CHAIRMAN: Will you Mr. Davis?

Mr. HARKNESS: It is not so much what is stored there as what can be stored there.

Mr. DAVIS: That is the capacity, with the present safety regulation. We can obtain that for you.

The CHAIRMAN: Will you have that for us for the record.

Mr. DAVIS: I am trying to obtain that now during this meeting.

Mr. PEARKES: Can you tell us also the number of storage buildings that there are there, and the number of storage buildings planned for Rocky Point.

Mr. DAVIS: There will be for Rocky Point 27 magazine buildings, and 13 service buildings, the service buildings would include the laboratory and other administrative buildings, and other buildings necessary as part of the Rocky Point.

Mr. PEARKES: I presume you will plan to put up accommodation for the guards and people there.

Mr. DAVIS: I understand there is very little personnel accommodation planned for Rocky Point. There are no accommodation buildings in the present contract.

Mr. PEARKES: Surely there will have to be. You require guards and personnel working in the laboratory and so forth. Are they being transported from Esquimalt out and back all the time.

Mr. DAVIS: The plan is to transport the majority of the workers to and from Rocky Point, yes.

Mr. DICKEY: Is it advisable to have accommodation in the immediate area of a magazine of that kind.

Mr. DAVIS: No, the only accommodation which would be provided would be for, as General Pearkes mentioned, guards and so on.

Mr. FULTON: Come, come Mr. Davis. There are several houses, I should say at least half a dozen. I want to be on the safe side, and I think I would be right in saying 10, but at least half a dozen to accommodate the personnel at the depot, not inside the guard fence, but certainly within a mile, and they were built as part of the overall project.

Mr. DAVIS: At Rocky Point, as I have said, there is no provision for that type of construction, at present and to the best of my knowledge, it is the intention that they will transport personnel from Esquimalt to Rocky Point.

Mr. DICKEY: The majority of the employees would be civilians I presume.

Mr. FULTON: They are all civilians at Kamloops, and they have been provided with housing accommodation.

Mr. APPLEWHAITE: I have a question of major importance for Mr. Johnson in connection with his statement.

Mr. FULTON: Mr. Chairman, I want to correct what I said about the civilians, I am wrong. There is a senior officer there, a naval officer, and the rest are civilians.

Mr. PEARKES: Regarding the type of construction of these buildings, earth I understand has been piled up around them. Are they the same type of construction as the Colwood magazine, made of concrete.

Mr. DAVIS: The actual design of the magazine has been changed from the Colwood type of magazine. It consists essentially of a reinforced concrete building, with provision made for the roof to blow off if there is an explosion, and they are isolated from each other.

Mr. PEARKES: They are the same at Colwood, but what is the difference in the cost of the buildings as between the two.

Mr. DAVIS: Mr. Johnson could give you the estimated or actual cost of the new magazines which are being constructed. I have not a breakdown of the old magazines, but of the capacity and I do not think that would be of much value, and I do not know whether we could get, individually, a breakdown of the buildings at this date for Colwood.

The CHAIRMAN: Just one minute, gentlemen. Mr. Davis, will you prepare information on the magazine, and have it for us for the record.

Mr. FULTON: Mr. Davis, am I right in taking from the discussion that has taken place here, that there has been some change in policy as between the Kamloops magazine and coastal magazine, because I understand that previously it was the intention to have all reserve ammunition or ammunition required for future use stored in the interior at Kamloops, and only ammunition required for day to day use at the coastal depot. Do I understand from what you said, that it is now found that the overall ammunition requirement for navy purposes on the Pacific coast are such that you are not able to accommodate all the storage ammunition now necessary in the Kamloops magazine.

Mr. DAVIS: I will obtain that information for you.

The CHAIRMAN: I agree with Mr. Fulton as to his understanding. Was there anything you said this morning that changed that.

Mr. DAVIS: I have a breakdown of the overall requirements for the west coast here, and of what is the present capacity of Kamloops. I think I should confirm for you the use of this, and the basis for Rocky Point.

Mr. FULTON: I think you said,—this is what gives rise to my question,—that when you came to look into the possibility of increasing the actual storage capacity at Kamloops, in the light of your increased requirements and, secondly, of your safety regulation factor, that it was decided that instead of increasing the Kamloops one you would transfer some of that to the Rocky Point one.

Mr. DAVIS: I will obtain details of that for you.

Mr. PEARKES: Can you tell me whether there has been any investigation made as to placing this reserve ammunition, if any, at Rocky Point back in another area back of Rocky Point, say in the hinterland.

Mr. DAVIS: I will obtain that for you. It would mean establishing a third magazine.

By Mr. Pearkes:

Q. It would mean establishing a third magazine, but there is land back there not inhabited, and I can see the importance of Rocky Point as a ready magazine and I am not questioning that, but when it comes to placing reserve ammunition there I have doubts.—A. Mr. Johnson, I can say a word about the cost. I am not familiar with the cost of the Colwood project but, as my statement indicated, we are out to tender for the first stage of the Rocky Point project, for the twenty-seven magazine buildings and the thirteen service buildings mentioned in my statement. Tenders have been received and a contract has not been awarded because we are still reviewing tenders, but I think it would be helpful to say this, although it is not the usual practice to discuss items still under review, that several tenders have been received that are substantially under the estimate.

Q. Substantially under the estimates?—A. Yes, substantially under that estimate.

Q. That shows the honesty of the people in my constituency.

By Mr. Applewhaite:

Q. In the third page of Mr. Johnson's Esquimalt-Rocky Point mimeographed statement, he refers to a contract for the dismantling of a 75-ton crane

and transporting it to Esquimalt. My question is, is it too late to recommend that this contract be cancelled?—A. The work has been done.

Q. I was afraid of that.

By Mr. Herridge:

Q. I am not interested in the contract being cancelled, but I am interested in the cost. That seems a lot of money to dismantle a crane of that size.—A. The crane is described as a 75-ton crane, which means it was capable of lifting 75 tons, but the crane itself, if my memory serves me right, was in the order of 200 tons and the equipment that had to be dismantled and transported from Prince Rupert to Esquimalt was very substantial. The dismantling of it and shipping of it, as the price indicates, was a very costly business. Tenders were obtained and the job was awarded at the lowest price, and if you can conceive of 200 tons of equipment being dismantled, possibly you can visualize the effort and the cost resulting.

The CHAIRMAN: If there are no further questions, this would appear—

Mr. HARKNESS: I have a question to put on Namao. Amendments, as far as Namao is concerned, especially in the R.C.A.F. contracts, appear to have been very, very large. As far as construction is concerned, at the bottom of page 1 of the table on the R.C.A.F., the change orders amount to 50 per cent and when you refer back to the details given it is a very, very large item starting with excavation of earth by machine, \$437,000.

The CHAIRMAN: What page are you reading from?

Mr. HARKNESS: That is on page 4.

The CHAIRMAN: Of the statement?

Mr. HARKNESS: Yes and table E page 4, the details of change orders. Payment is authorized for continuation of operation under winter conditions and the increase in the cost of reinforcing steel bars amounting to \$397,000, and then there is an amount of over \$1,000,000. We should have some explanation as to why these large amendments or change orders were required.

The WITNESS: I will be glad to deal with that. The contract for the supply depot at Namao was on a publicly advertised competitive tender basis and it was awarded to the low tenderer, but the tender call was for only the superstructure of the building, foundations, footings, walls and the roof. At the time the tender call was made for that structure, the design of the plumbing, heating, electrical work and all the equipment that went into that building had not been completed. The Department of National Defence, the air force, was very anxious to have a start made. In order to meet their desire for an early start on this construction, and because it was realized there would be quite some time involved in completion of the design, we went to tender for the superstructure, and as the various other parts of the design became available, tenders were called by the successful general contractors, and firm prices were obtained for all the sub-trade work as a result of his calling for tenders. All the sub-trades were let subject to our approval and scrutiny of prices obtained. In the original general tender call for the contract, ex sub-trades, we realized we would be faced with this problem of letting sub-trade work, and we provided, in the tender call for the bidders to quote the fees which they would be prepared to accept for the administration of these sub-trades. So, we had competition with respect to the general contractor's fee for administering and co-ordinating the work that was yet to come. That explains particularly such a change order as number 8 for the construction of the mechanical equipment room, and the storage tanks and so on, which ran in the order of \$1 million. With respect to the item for the change order number 2 for the excavation of earth which ran to \$437,000, it was found

that the soil conditions where the supply depot was to be built, were of a category known as plastic clay in the area, clay which absorbs moisture and expands, and could be very serious so far as the foundation and the floor of the structure was concerned, and it was found necessary to remove that plastic clay. What was actually done consisted of the excavation of earth by machine, an estimated 140,000 cubic yards at \$1.05 per cubic yard, and, in addition, for placing graded sand and fill in floor slabs, an estimated 100,000 cubic yards at \$2.90 a cubic yard in place. That was a very substantial item which was very carefully considered by the engineers familiar with the soil conditions in that area.

By Mr. Harkness:

Q. Did you know what the soil conditions were when you let the original contract?—A. No sir, they did not know exactly at the time.

Q. How did that happen?—A. I am not personally familiar with all the background of this sir. I believe, possibly Mr. Davis could speak with more authority on this, but I believe that there was a change in the site of that supply depot. Although I am not sure that would have made any difference, because they may have run into plastic clay conditions on other sites, and I do know they did run into this, and it is not uncommon in the Edmonton area.

Q. As a matter of fact, I would think that the whole area is much the same. I happen to have farmed in that area, and I know something about it.—A. It is not an uncommon condition.

Q. I think the soil is the same all through that area, and that is why I do not understand how they did not know what the soil condition was, and therefore the original contract set out to cover that. Why this extra half a million or so was necessary because they found the soil was plastic clay I do not know.—A. You appreciate that the building was 1,500 feet long and 500 feet wide. It is a reinforced concrete structure, and I think when the construction was actually commenced they found that the soil situation was more serious than it had originally been conceived from the standpoint of making quite sure this structure would be sound after construction.

Q. Whose responsibility is it to know what the soil conditions are before the contract is let?—A. That is the responsibility of the Department of National Defence.

The CHAIRMAN: Anything to add to that Mr. Davis?

Mr. DAVIS: Yes. I can say that soil tests were made, and it was on the recommendation of our consultant that further excavation was carried out, and certain backfill was put in to reduce the risk of heaving or unstable conditions which might have disturbed the foundations for the supply depot. It was felt that that was a safety precaution that should be taken in view of the size and cost of the building, and the cost of the contents which would be stored there.

Mr. HARKNESS: Was not a survey of the soil conditions of this particular Namao area made before it was decided to put the whole project in there, because there is not only this item, but quite a number of other items which seem to involve a lot of extra filling, and things of that sort.

Mr. DAVIS: The soil conditions in the Namao area were known before the construction commenced. Namao was selected because of its suitability and relationship to Edmonton, and also in relation to the airport which was in existence there.

Mr. HARKNESS: What about this item of \$397,000 for continuation of operation under winter conditions?

The WITNESS: I think I can answer that sir. The low tenderer on the supply depot had indicated in their tender that they did not contemplate working throughout the winter, and if we required work throughout the winter, they would expect to be reimbursed for the winter heating. There was an unusual circumstance in the tenders for this supply depot. The plan and design as originally conceived, and on which tenders went out, called for a poured in place concrete roof. The low tenderer who had had considerable experience in pre-cast concrete, submitted a tender based on the roof slabs and beams being done in pre-cast concrete, and in that connection, they offered a price in the order of \$700,000, I do not remember it exactly, but it was in the order of \$700,000 or more, less than the next low price. And they said in their tender that they expected to be reimbursed for winter work if that were called for. Using the tender on this basis represented a very substantial saving.

The CHAIRMAN: Gentlemen, we have concluded with Construction. It is my attention to call the next meeting for the purpose of considering our report. I thought I would call the agenda committee together for the purpose of drafting a report. If you are finished with Mr. Davis there be one outstanding question on Rocky Point which will be answered for the record.

Mr. FULTON: There are two questions of mine not answered, one on Penhold and one on Boundary Bay. It is possible further questions might arise out of those. I would not like to ask the officials to come back, but would it be possible to ask them to attend at the early stages of next meeting.

Mr. FLEMING: May I make this comment. The committee at its meeting on February 10th, 1953, received a report of the steering committee which recommended a certain order of business in several parts. The second had to do with construction which I take it we have now almost completed and number three was the committee then inquire into expenditures for the production and acquisition of aircraft. That report was adopted by the committee on February 17th.

Now, I realize that construction has taken a long time but I do, as I said to you, attach a good deal of importance to this next item on the agreed agenda, namely production and acquisition of aircraft, and I made the suggestion to you a couple of times over the last week or so that even under the pressure we are all under now with extra committees, we think the matter is of such importance that we should try to hold two or three meetings on that subject. I do not say we will cover the subject in two or three meetings, but it is so important that I think we should make a very great effort to at least spend two or three meetings on the subject and I think the members would be prepared to do it. I was very disappointed to learn no step was taken in the Department of National Defence to prepare any basic material or statement along those lines. I would have thought when this agenda was agreed on over two months ago steps would have been taken to prepare the basic material.

I appreciate the difficulties and you have been very kind in discussing them with me. I do renew, though, the request that even at a sacrifice, as we are under very great pressure, we do try to have two or three meetings of this committee on aircraft production because it is so important.

The CHAIRMAN: I had in mind that the Department of Defence Production estimates had not yet been dealt with and to warn members who were interested in the aircraft production aspects that information could be made available to them on the floor of the House.

We have more than 800 pages of evidence. I feel it is too much to ask us to bring in a report in a hurry. We can draw a report in a day but we will hear about it for months afterwards. The last session we had very little time to draft our report before we had to present it to the House. The House will

not close next week but certainly at the end of the following week. There are any number of committees that are sitting; I think there are five committees sitting today, and there will be a number of committees sitting every day. I did not have a minute in the House yesterday and some of the members here were equally occupied. There are some very important matters coming up on the floor of the House. I feel we should have some opportunity to be there to participate. It is not possible for this committee to deal with aircraft production this year but the information on aircraft production will be available from the minister when his estimates come before the House and that may be some day this week or next week.

Mr. DICKEY: I just wanted to say that in accordance with the discussion in the steering committee, the Department of Defence Production, and the Department of National Defence did not proceed with bringing up to date the very voluminous returns made to the committee last year, on such matters as production of aircraft, and shipbuilding, armaments and ammunition and all that sort of thing. No later than the last meeting of the steering committee it was clearly said to everybody there, that if the committee could have time to hear witnesses, that witnesses would be there, and they could give a statement on any of these matters we had time to go into, and it is not fair to suggest that the department was not ready to do it.

Mr. FULTON: Just one correction which I am sure Mr. Dickey will not mind with respect to his catalogue of voluminous returns. I do not recall that we got any returns on aircraft production last year.

The CHAIRMAN: I remember that.

Mr. HARKNESS: But all you had about that was a pooled item of about \$687 million.

The CHAIRMAN: We discussed many other items outside that.

Mr. FULTON: It showed tanks and vehicles and other things too, but it only gave one item.

Mr. DICKEY: That is absolutely incorrect.

Mr. FLEMING: May I make one observation. If the officials are ready, and Mr. Dickey says they are ready, then all we have to do, is to have two or three meetings on aircraft production.

The CHAIRMAN: Mr. Fleming, I do not like to give the impression to the committee that I am putting you off, but I just do not think it is possible. It just isn't possible for the committee to do any more this session.

The Department of Defence Production are preparing themselves for a session in the House, and a good deal of information must be made available, and the staff is or should be completely occupied in preparing that essential material. We have a half an hour of work here to finish construction, then we must consider our report for which we have not too much time. There are still some committees that have important bills before them that require consideration by members sitting on this committee, and in addition to that, there are estimates which are most important. I do not think it is possible Mr. Fleming. The best this committee could do would be just to have a very quick look, and it would not be fair to the department or to the committee to say we had dealt with the matter. I think you can obtain all the information you want on aircraft production from the minister on the floor of the House. You can ask for it, and I am sure you will get it. We will be dealing with these matters when we come back here next year, and we will be able to space our time better than we did this year. It takes time to acquaint ourselves with these involved matters, and each year we are doing better and better.

Mr. FLEMING: I have made my plea Mr. Chairman, and I can do no more.

The CHAIRMAN: The committee is adjourned until next Tuesday.

The committee adjourned.

APPENDIX No. 83

Question by Mr. Applewhaite (Asked on April 16, 1953)

1. Is rental recovered from D.O.T. for the 4 PMQs at Churchill? If not, why?

Answer

The Department of Transport paid for the construction of the 4 PMQs at Churchill occupied by them. D.O.T. pays DND \$1,000 per annum per unit for maintenance and services.

(Tabled on April 23 by DND)

APPENDIX No. 84

Question by Mr. Herridge (Asked on April 16, 1953)

1. Give size and seating capacity of Chapel at Churchill, Manitoba.

Answer

(a) The chapel building has a total area of 11,600 sq. ft.

(b) This building provides separate chapel facilities for Protestants and Roman Catholics with a total seating capacity of 400.

(Tabled on April 23 by DND)

APPENDIX No. 85

Question by Mr. George (Asked on April 16, 1953)

1. Give general description of sewage disposal plant at Churchill, Manitoba.

Answer

The sewage flows by gravity through pipes running in utilidors which also contain water, heating and electrical lines. The final discharge is by gravity into Hudson Bay.

(Tabled on April 23 by DND)

Canada, Defence Expenditure
Special Committee 1952/53

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HOUSE OF COMMONS

Seventh Session—Twenty-first Parliament

1952-53

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SPECIAL COMMITTEE

ON

Physical &
Applied Sci.
Serials

DEFENCE EXPENDITURE

Chairman: MR. DAVID A. CROLL

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 26

TUESDAY, APRIL 28, 1953.

TUESDAY, MAY 5, 1953.

INCLUDING:

1. Second and Final Report.
2. List of Appendices.
3. List of Witnesses.

WITNESS:

Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements—Office of the Assistant Deputy Minister (Requirements) Department of National Defence.

MINUTES OF PROCEEDINGS

APRIL 28, 1953.

(28)

The Special Committee on Defence Expenditure met this day at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Blanchette, Boisvert, Cavers, Croll, Fleming, Fulton, George, Harkness, Henderson, James, Jutras, Larson, McIlraith, Pearkes, Stick, Thomas and Wright. (18).

In attendance: Messrs. R. G. Johnson and J. Kendall of Defence Construction (1951) Limited; Messrs. H. A. Davis and W. R. Wright of the Department of National Defence.

Mr. Davis was called and made a correction in his evidence at page 791 paragraph 2. (See this day's Evidence). He answered orally questions which remained to date unanswered.

The Chairman thanked Messrs. Johnson and Davis and expressed his appreciation to all the witnesses who appeared before the Committee.

The witnesses were retired.

The Committee concluded the hearing of evidence and at 12 o'clock noon proceeded to deliberate *in camera* on its proposed report to the House.

A general discussion on the proposed Report to the House took place and at 12.45 o'clock p.m., the Committee adjourned to the call of the Chair.

ANTONIO PLOUFFE,
Clerk of the Committee.

EVIDENCE

APRIL 28, 1953.

The CHAIRMAN: Gentlemen, I see a quorum. I intended this morning that Mr. Davis would answer a question on Rocky Point and make a correction in the record. Then we will discuss the preparing of our report. You will have a chance to give me and the agenda committee some indication as to what is in your mind so that we can immediately start drafting the report.

Mr. Davis, I believe you have one correction to make.

Mr. DAVIS: Yes. Mr. Chairman, at the last meeting I gave some information about the water supply at Cold Lake. The source of the water supply at Cold Lake is from Cold Lake itself which is situated approximately four miles northeast of the camp site and not from Lac La Biche.

The CHAIRMAN: What about Rocky Point?

Mr. DAVIS: At the last meeting Mr. Fulton and General Pearkes asked some questions about the construction of magazine facilities for the navy on the west coast at Kamloops and Rocky Point. The first question I have is: Has Rocky Point been designed to hold a portion of the reserve ammunition for the west coast? 80-90 per cent of the capacity of the magazine at Rocky Point has been designed to meet the fleet requirements and the balance is required to cover a small portion of reserve ammunition to meet emergencies and give a small potential for expansion. There are cases where it is necessary to re-arm ships or transfer ships from one coast to another and so it is desirable to have a small potential for expansion. That margin has been provided for and utilized for storing of a small proportion of reserve ammunition.

Mr. FULTON: You say to meet fleet requirements. Do you mean "fleet" or "peak" requirements?

Mr. DAVIS: Fleet requirements on the west coast.

The second question is: Why has the magazine at Kamloops not been developed to take all the reserve ammunition required for the west coast?

Actually the magazine at Kamloops does hold practically all the reserve ammunition on the west coast now. It would not be economical to expand Kamloops further because of the site conditions there. A further expansion would mean crossing the Trans-Canada highway and unless you divert the highway it would mean constructing a second magazine with a separate danger zone.

General Pearkes asked whether any consideration has been given to establishing a magazine inland among the Sooke hills to take reserve ammunition which it is understood is being placed at Rocky Point. Consideration was given to locating a magazine in the Sooke hills and it was turned down because one of the requirements for the magazine was to have facilities for off-loading from ships and the Sooke basin is not suitable for that purpose.

Mr. FULTON: Do I understand from the answer to the second question, Mr. Davis, that Kamloops is not going to be able to hold all the reserve requirements that are anticipated for the future for the Pacific coast?

Mr. DAVIS: No. Our calculations show that Kamloops broadly holds the requirements for the west coast and there is a small proportion of the reserve roughly 10 per cent of the capacity at Rocky Point, which more for convenience than anything else has been located at Rocky Point.

Mr. FULTON: That is the present time, but when you said it would not be economical to expand it further because of the site conditions?

Mr. DAVIS: Yes.

Mr. FULTON: I wonder if by that you mean you anticipate further requirements which Kamloops is not going to be able to handle.

Mr. DAVIS: No. We do not anticipate any further requirements for magazine capacity on the west coast.

Mr. PEARKES: I think you were going to get some figures on the quantity of ammunition stored at Colwood and the quantity proposed to be stored at Rocky Point?

Mr. DAVIS: Yes. I have that information. Rocky Point will hold approximately three times the capacity of Colwood. I have the tonnage here. I do not think it would be desirable to give the actual figures for ammunition. If you take into consideration the increase in laboratory facilities which have been necessitated by the changes in explosives and the increase in the cost of construction the estimated cost of Rocky Point is not out of line with what was expended on Colwood.

The CHAIRMAN: Gentlemen this completes our deliberations but there are a few outstanding questions. I will keep the record open and will hold the last report as we did last year in order to complete the record when the answers are made.

If there are no other questions at the moment our public proceedings are now completed and we will go into camera to have a discussion on the drafting of our report.

May I on behalf of the committee thank Mr. Johnson and Mr. Davis for the great deal of work they have done and the help they have given the committee. It was both useful and helpful and we are thankful indeed for their efforts to help us in our deliberations.

MINUTES OF PROCEEDINGS

TUESDAY, May 5, 1953.

(29)

The Special Committee on Defence Expenditure met this day *in camera* at 11.30 o'clock a.m. Mr. David A. Croll, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Benidickson, Blanchette, Boisvert, Croll, Decore, Dickey, Fleming, Fulton, George, Harkness, Henderson, Herridge, Hunter, James, Jutras, Larson, Macdonnell (*Greenwood*), McIlraith, Pearkes, Thomas, Wright—23.

The Chairman presented the Second Report of the Sub-Committee on Agenda as follows:

The Sub-Committee on Agenda presents the following as a

SECOND REPORT

Your Sub-Committee on Agenda agreed to submit the attached draft as the Committee's Second and Final Report to the House.

The Chairman read the said draft and Mr. George, seconded by Mr. Dickey, moved that same be adopted as follows:

Draft

The Special Committee on Defence Expenditure begs leave to present the following as its

SECOND AND FINAL REPORT

Your Committee was appointed by the following resolution of the House adopted on January 22, 1953:

That a Select Committee be appointed to continue the examination of all expenditure of public moneys for National Defence and all commitments for expenditure for National Defence since March 31, 1950, and initially to give priority in their examination to the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esquire, Chartered Accountant, tabled in the House of Commons on December 15, 1952, and to report from time to time their observations and opinions thereon and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the Committee shall consist of twenty-six Members to be designated by the House at a later date.

The first meeting of your Committee was held on January 29, 1953, and twenty-six meetings were held subsequently, the last on April 28, 1953.

Your Committee examined numerous witnesses including Brigadier W. J. Lawson, Judge Advocate General; Mr. E. B. Armstrong, Assistant Deputy Minister (Finance); Mr. B. B. Campbell, Assistant Deputy Minister (Real Estate Advisor); Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements; Mr. J. A. Kidd, Chief Auditor from the Department of National Defence. In addition, the Committee examined Mr. George S. Currie

of McDonald, Currie and Co., Chartered Accountants, Montreal; Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited; Mr. Alphonse Ledoux, Lands Branch, Department of Transport; and Mr. D. B. Mansur, President and Chairman of Central Mortgage and Housing Corporation.

The witnesses were assisted by numerous other officials who attended the meetings as required.

The work of your Committee was assisted by a Sub-committee on Agenda, consisting of the Chairman, Messrs. E. T. Applewhaite, W. M. Benidickson (Vice-Chairman), J. H. Dickey, D. M. Fleming, G. J. McIlraith, G. R. Pearkes, R. Thomas and P. E. Wright.

Your Committee heard evidence which appears in the Minutes of Proceedings.

In addition, your Committee received documents which were printed in the Minutes of Proceedings as appendices. Your Committee also received a detailed analysis of the irregularities listed in Appendix "B" of the Currie Report.

All information requested by your Committee was made available by the Department of National Defence, Defence Production and appropriate Crown companies.

In one case your Committee voted not to call for reports ruled outside its terms of reference by the Chairman and in another case voted not to call for certain reports of the Chief Auditor of the Department of National Defence. Summaries of these Auditor's reports were tabled and the Chief Auditor gave evidence that they constituted a fair summary.

In accordance with the terms of the resolution of the House your Committee proceeded immediately to a consideration of the report made by Mr. G. S. Currie.

Mr. Currie was appointed by the Minister of National Defence to investigate deficiencies and other irregularities in the Canadian Army Works Services. He made comprehensive general examinations of works companies and detachments at Petawawa, Toronto, London, Borden, Barriefield, Vancouver, Regina, Quebec, and Halifax. Only at Petawawa was it found that extensive irregularities had taken place. These resulted from collusion among the five senior personnel of the works company, making the conspiracy most difficult to detect.

Prior to Mr. Currie's appointment, the Minister of National Defence had caused to be instituted a thorough investigation by the R.C.M.P. and Provost Corps, which had been carried out with painstaking thoroughness and which had led to discovery of all the important irregularities and the recovery of by far the greater quantity of missing goods. As a result of this police investigation, ten civilians and five servicemen were prosecuted in the civilian courts, of whom eight civilians and four servicemen were convicted. In addition to the criminal charges, six servicemen were disciplined.

The total losses due to the thefts at Camp Petawawa after recoveries amounted to less than \$36,000.

Part One of Mr. Currie's report dealing with the irregularities at Petawawa was intended to be illustrative and was taken from R.C.M.P. and Provost Corps' reports. Some of the latter, as is often the case in the early stages of an investigation, subsequently proved to be incorrect.

The most important feature of Mr. Currie's task was to make recommendations from the point of view of security and accounting as to the methods to be adopted to correct the situation that he found to exist. The greater portion of the report is consequently devoted to the recommendations, general and more detailed, as to organization of the Army Works Services and methods of control of accounting and security.

Of the forty-four recommendations listed in the Currie Report, twenty-seven were in the process of being carried out prior to the making of the Report. Four were considered urgent by the Department and will be carried out as additional manpower becomes available. Eight involve additional manpower and money and will have to be the subject of further study. Three which do not involve additional manpower and money will also require further study and two are considered unsuitable by the Department for adoption at the present time.

Detailed consideration was given to Exhibit No. 1 to Mr. Currie's Report entitled "Classified Summary of Accounting Irregularities found by the Chief Auditor of the Department of National Defence". These accounting irregularities did not involve dishonesty on the part of individuals.

The great majority of the accounting irregularities listed were found to be the result of failure to comply with the proper accounting and administrative procedures in strict accordance with the various regulations and instructions. These omissions had largely resulted from the urgency of Defence requirements following the outbreak of hostilities in Korea, the vastly increased volume of work due to Canadian commitments to NATO and the United Nations and the difficulty of securing adequate and well-trained staff. To some extent the importance of accomplishing the work had been placed ahead of the desirability of reaching administrative perfection.

The Department of National Defence was taking steps as rapidly as the necessary skilled personnel could be obtained to improve administration and accounting in the Army Works Services.

In November 1950 Defence Construction Limited took over from Canadian Commercial Corporation the administration of all contracts for new military construction. This involved 123 construction contracts having a total value of over \$43.2 millions.

On December 31, 1952, the programme had grown to 894 construction contracts having a total value of \$375.8 millions involving 172 sites with a total of 1,270 new buildings and other works. There were in addition 533 contracts for design, supervision, surveys, soil testing, miscellaneous and related services, to a total of \$13.7 millions.

The policy of publicly advertised competitive tenders was maintained by Defence Construction Limited. Exceptions were only made to this policy where this was desirable in the interests of security or economy or because of extreme military urgency.

The necessity in some cases of getting the work under way before detailed plans could be prepared and because of changing military commitments that could not always be anticipated had in some cases resulted in additional cost. Shortages of materials, particularly steel, and of labour in the construction industry had complicated the task.

The construction programme in the face of a number of difficulties has been well conceived and carefully supervised and the public has received good value for its money.

The deliberations of your Committee have proved of constructive assistance to the Departments of National Defence and Defence Production in the administration of a large and complicated defence programme and have served as a constant reminder to those responsible of the degree to which economy must be achieved in the making of public expenditures.

Mr. Fleming, seconded by Mr. Fulton, moved in amendment thereto that all the words after "the last of April, 1953" in paragraph four thereof up to and including the words "public expenditures" be struck out and the following paragraphs substituted therefor; Mr. Fleming reading:

1. In its Order of Reference dated January 22nd, 1953, your Committee was instructed "initially to give priority in their examination to the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie Esquire, Chartered Accountant, tabled in the House of Commons December 15th, 1952". In accordance with this Order of Reference your Committee as its first business called Mr. Currie before the Committee as a witness. He substantiated his Report in every particular. In no single detail was the accuracy of his Report challenged before the Committee. The Currie Report must, therefore, be accepted as accurate in every detail.

Merely by way of example of the kind of waste, extravagance and inefficiency found by him in the one camp at Petawawa, Mr. Currie in his Report cited the following:—

550 tons (of scrap) were shipped out of the camp area, and the proceeds from the bulk of the sale were pocketed by army personnel. Some of the metal thus shipped was not scrap at all. It consisted of serviceable material, such as kitchen ranges, cannon heaters, shower-stalls, sinks, and the like.

A large quantity of rails belonging to the C.P.R. was removed.

Horses were hired by army personnel and placed on the payroll...

A boat and several washing machines were obtained by putting through a false order for 1,000 bags of cement.

Two freight carloads of pulpwood appear to have been stolen during the cutting of a power line.

Private and improper sales of gravel were made.

As a result of the inquiry, it appeared that one loan of 3,400 bags of cement had not been returned. The over-all shortage appeared to be 18,000 bags, much of which had gone into unauthorized projects of one kind or another, or wasted, or pilfered in small quantities.

No reliable estimate of the total loss can be prepared.

My view would be, however, that the generally lax administrative situation would give rise to waste and inefficiency far more costly in loss than that covered by actual dishonesty.

The Report makes it clear that warnings of irregularities had been given to the officials of the Department. These warnings and the consequent responsibility for lack of action on the part of the Department of National Defence are thus described by Mr. Currie:

While there has been a general breakdown in the system of administration, supervision and accounting, it was only at Petawawa that extensive irregularities, over a prolonged period, took place because of the existence there of a combination of factors, lax control, poor discipline, and the presence of dishonest personnel.

Internal warnings had not been lacking in the Department of National Defence. The Chief Auditor of the Department had performed his functions conscientiously. Time and again, he had reported unsatisfactory conditions. The Deputy Minister, in each case, had directed the Quarter Master General to investigate and report. Lack of adequate action at this point had, however, caused a progressive deterioration in the situation. Aside from reports being delayed for considerable periods of time, the record shows the next audit revealing conditions similar to those previously reported and, in some cases, worse. The process is then again repeated.

The Department of National Defence (including the Army Works Service) is largely staffed and manned by men whose military training had been received in wartime. Its establishment and administrative policies reflected more clearly the urgent needs and exigencies of war when speed is everything, and costs count not at all. The carry-forward of this war psychology must be coupled with inadequate training and resulting ignorance on the part of personnel of their administrative duties and responsibilities. There was, in addition, indifference and reluctance on the part of military personnel to concentrate on administration to the degree required... But if this spirit permeated the lower echelons of the Army, it is more difficult to condone the same attitude higher up. There a greater degree, both of intelligence and responsibility, is essential. It was not always present in the degree required.

There was in addition a serious collapse in security. There was little to prevent or to detect the organized plundering of military stores on a systematic scale, though apparently comparatively little of it took place. If there is excuse for inefficient accounting, there is none for the failure of security which is, after all, a prime military consideration. I take a serious view of this breakdown. If it is easy to pilfer military stores, then, by the same token, it is easy to sabotage military equipment.

What is needed now is the creation of a system designed to fit the economic and efficient administration of a large and long-sustained preparedness programme inside a national economy operating at full blast. This involves the abandonment, by all administrators of the programme, of the war psychology with its emphasis on speed with resultant wastefulness and extravagance, and with substitution of an alert economic and efficient operation, flexibly designed, to be sure, to meet emergencies, but designed also to become a more or less permanent part of Canadian life and government.

The origin of the investigation which resulted in all these exposures did not lie within the Department of National Defence. It is to be recalled that Mr. Currie in his Report says on this point:

It is an unhappy circumstance that the beginning of this investigation lies not inside the Department of National Defence and its full complement of regulations and supervising personnel, but with the receipt of an anonymous letter. . . .

2. At its meeting on February 12th the Government majority on the Committee defeated the following Progressive Conservative Motion:—

That this Committee do forthwith submit to the House the following as its Second Report:—

In accordance with its order of reference from the House, your Committee has considered the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esq., Chartered Accountant, tabled in the House of Commons on December 15, 1952, has devoted two meetings to hearing the testimony of Mr. Currie with reference thereto, and finds that the said Report has been fully supported in all respects by Mr. Currie in his testimony.

Your Committee recommends that Mr. Currie be authorized to continue his enquiries and conduct an investigation, similar to that already undertaken, into all aspects of organization, accounting and administration of the Department of National Defence.

3. It is to be remembered that Mr. Currie's investigation was confined to certain of the Army Works Services. In terms of expenditure these involve less than one percent of the total present annual expenditure on National

Defence. Considering the magnitude and importance of the expenditures involved, and the duty Parliament owes to the people to ensure adequate value for every dollar spent and the scandals revealed in Mr. Currie's Report, your Committee recommends that a complete, impartial and unrestricted enquiry into all aspects of the organization, accounting, and administration of the Department of National Defence be instituted immediately. Only by such an investigation can the occurrences of similar irregularities in other camps and in other branches of all services be prevented. The enquiry should be of such a nature that it can proceed without interruption during the time when Parliament stands recessed. In view of the enormous expenditures of public money on defence and the vital importance to Canada of the efficiency of our defence activities, no duty of Parliament requires more immediate action than the establishment of such an enquiry. It will on the one hand assure more efficient organization of our defence effort and at the same time eliminate the waste, extravagance, and inefficiency which have been disclosed.

4. Appendix B to the Report of Mr. Currie is based upon reports of the Chief Auditor of the Department of National Defence of 153 specific irregularities drawn to the attention of the senior officials of the Department of National Defence by the Chief Auditor in the years 1950, 1951, and 1952. Your Committee was denied any opportunity of seeing these reports of the Chief Auditor. Its investigation was thus stultified and frustrated.

5. At its meeting on February 12th, the Government majority on the Committee defeated the following Progressive Conservative Motion:—

That the second report of the sub-committee on agenda be amended by adding thereto the following:—

That the Committee requests the production of all reports of the Chief Auditor of the Department of National Defence upon which Appendix B to the Report of Mr. Currie, dated November 26, 1952, is based, i.e., containing reports of accounting irregularities found by the said Chief Auditor in the Canadian Army Works Services, and that the Committee do proceed to examine the same.

6. Your Committee considers that such limited evidence as it was permitted to receive concerning the Chief Auditor's reports of accounting irregularities showed utter looseness in relation to the making of expenditures and gross inefficiency. Scores of cases of unauthorized expenditures were found. Your Committee was impressed by the lack of sufficient effort on the part of the officials of the Department of National Defence to determine responsibility for such irregularities and to follow them up with appropriate action. In the case of Wallis House in Ottawa, for example, where an expenditure of \$35,000 was authorized on an old building, an additional \$135,000 was expended without any authorization whatever under circumstances of which senior officials of the Department ought to have been aware. This and many other examples demonstrate inexcusable lack of a sense of responsibility in relation to the expenditure of public funds—a lack which, unfortunately, appears to have been all too extensive.

7. From the outset your Committee was hampered by a ruling which prevented the reception of evidence as to anything which occurred prior to March 31st, 1950, regardless of whether it might throw light on events subsequent to that date. In particular, your Committee was thereby denied access to any reports made prior to that date concerning irregularities in relation to defence expenditures.

It may be recalled that on March 16 the Prime Minister was compelled to admit the existence in Government files of the McNab Report, made in 1949, which had been denied to your Committee. This Report, calling attention to the existence of conditions exactly similar to those found by Mr. Currie three

years later, had been ignored by the Government. The existence of this Report establishes conclusively that the administrative breakdown preceded the outbreak of hostilities in Korea in June, 1950, and that the Government and the Department of National Defence have for a long period failed in the discharge of their responsibilities to safeguard public funds. Your Committee therefore recommends that if such a committee should be appointed at any future Session, it should be given powers of adequate breadth to carry on a comprehensive investigation.

8. Your Committee conducted a limited enquiry into construction work carried on by the Department of National Defence, and later on its behalf by the Department of Defence Production and its agent, Defence Construction Limited. Your Committee was again impressed by the free-and-easy way in which large amounts of public money were spent. The many contracts awarded without tender, the many costly extras, the many contracts on a cost-plus basis, the many changes in plan and the many delays in completion have not been explained to the satisfaction of the committee. At Penhold, for instance, witnesses for the Government departments sought to justify an expenditure of \$25,000 on a speed-up program, and equally to justify the abandonment of that speed-up program soon thereafter. Your Committee has not been able to do more than scratch the surface of this subject in the limited time and with the limited opportunities at its disposal, and therefore recommends to the House that consideration should be given to undertaking a complete and impartial investigation into the construction program, including such matters as the construction of the R.C.A.F. Station at Penhold, and including the awarding of the contracts, expenditures, delays in completion, and adequacy of the construction work performed, with power to retain such assistance from competent and independent engineers and contractors as may be considered necessary.

9. At its meeting on April 7th the Government majority on the Committee defeated the following Progressive Conservative Motion:—

That this Committee recommend to the House that consideration should be given to retaining Mr. George S. Currie to undertake a complete investigation into the construction of the R.C.A.F. Station at Penhold, including the awarding of contracts, the expenditures, the delays in completion and the adequacy of the construction work performed, with power to retain such assistance from competent engineers and contractors as he may consider necessary.

10. Apart from hearing Mr. Currie at its two initial meetings, your Committee was limited entirely to hearing evidence from witnesses from Government departments. Your Committee feels that if an adequate investigation is desired—and your Committee considers such to be urgently required in the public interest—there must be searching, on-the-spot scrutiny by competent independent experts operating under competent independent direction.

11. Your Committee regrets that it has had no opportunity to enquire into expenditures on such vitally important matters as aircraft production, armaments, tanks, ammunition, guns, small arms, naval vessels, training costs, recruiting costs, military travelling costs, equipment and other installations. Having regard to conditions already disclosed, your Committee considers imperative a comprehensive enquiry into such expenditures and into the vital question of the efficiency of our arms for the defence of Canada and the discharge of our international commitments.

The question being put on Mr. Fleming's amendment, it was resolved in the negative.

Mr. Wright, seconded by Mr. Herridge, moved in amendment that the Sub-Committee's draft report be amended by inserting the following two paragraphs:

In accordance with its order of reference from the House, your committee has considered the expenditures and commitments of the Canadian Army Works Services as dealt with in the report of G. S. Currie, Esq., Chartered Accountant, tabled in the House of Commons on December 15, 1952.

Your committee recommends that parliament should ask the Auditor General to establish three teams of auditors, one for each branch of the Service, navy, army and air force, to make such check audits of military establishments as are necessary to determine that proper stock-taking is being carried out and that proper records are being kept, also to determine the physical conditions of all stores and whether proper storage and maintenance methods are being followed, and that the Auditor General report the findings of these teams to parliament at regular intervals of not less than six months.

The question being put, it was resolved in the negative.

Mr. Herridge, seconded by Mr. Wright, moved, and the Committee agreed, to insert the following two paragraphs in the said draft report:

The Sub-Committee on Agenda recommended in its second report that after conclusion of evidence relating to Exhibit No. 1, the Committee proceed and inquire into:

1. Acquisition and leases—land and buildings at Esquimalt, Rocky Point and Gage Town by the Department of National Defence.
2. A general statement with particular reference to Penhold, Namao, Churchill, Cold Lake, Esquimalt, Rocky Point and Gage Town by the President of Defence Construction Limited.
3. Married quarters program by President, Central Mortgage and Housing Corporation; and

that the Committee then inquire into expenditures for the production and acquisition of aircraft.

Topics also suggested were:

1. Armaments, Tanks, Ammunition, Guns and small arms.
2. Naval Vessels.
3. Operation Pinetree.
4. Training Costs—All Services.
5. Recruiting Costs.
6. Soft Goods.
7. Military Travelling Costs.

The Committee agreed, on motion of Mr. Dickey, to minor corrections of facts, as well as to the following amendment:

Page 6, insert as paragraph 4.

Your Committee gave special consideration to projects at the following locations: Penhold, Namao, Churchill, Cold Lake and Rocky Point.

On motion of Mr. George, seconded by Mr. Dickey, the draft report was adopted as amended.

It was agreed that the Chairman present to the House the draft report, as amended, as the Committee's Second and Final Report. (See this day's Minutes of Proceedings for Final Report.)

At 12.50 o'clock p.m., the Committee adjourned *sine die*.

ANTONIO PLOUFFE,
Clerk of the Committee.

REPORT TO HOUSE

TUESDAY, May 5, 1953.

Your Committee was appointed by the following resolution of the House adopted on January 22, 1953:

"That a Select Committee be appointed to continue the examination of all expenditure of public moneys for National Defence and all commitments for expenditure for National Defence since March 31, 1950, and initially to give priority in their examination to the expenditures and commitments of the Canadian Army Works Services as dealt with in the Report of G. S. Currie, Esquire, Chartered Accountant, tabled in the House of Commons on December 15, 1952, and to report from time to time their observations and opinions thereon and in particular, what, if any, economies consistent with the execution of the policy decided by the government may be effected therein, with power to send for persons, papers and records and to examine witnesses; and that notwithstanding Standing Order 65, the Committee shall consist of twenty-six Members to be designated by the House at a later date."

The first meeting of your Committee was held on January 27, 1953, and twenty-six meetings were held subsequently for the hearing of evidence, the last on April 28, 1953.

Your Committee examined numerous witnesses including Brigadier W. J. Lawson, Judge Advocate General; Mr. E. B. Armstrong, Assistant Deputy Minister (Finance); Mr. B. B. Campbell, Assistant Deputy Minister (Real Estate Advisor); Mr. H. A. Davis, Superintendent, Engineering and Construction Requirements; Mr. J. A. Kidd, Chief Auditor from the Department of National Defence. In addition, the Committee examined Mr. George S. Currie of McDonald, Currie and Co., Chartered Accountants, Montreal; Mr. R. G. Johnson, President and General Manager, Defence Construction (1951) Limited; Mr. Alphonse Ledoux, Lands Branch, Department of Transport; and Mr. D. B. Mansur, President and Chairman of Central Mortgage and Housing Corporation.

The witnesses were assisted by numerous other officials who attended the meetings as required.

The work of your Committee was assisted by a Sub-Committee on Agenda, consisting of the Chairman, Messrs. E. T. Applewhaite, W. M. Benidickson (Vice-Chairman), J. H. Dickey, D. M. Fleming, G. J. McIlraith, G. R. Pearkes, R. Thomas and P. E. Wright.

The Sub-Committee on Agenda recommended in its second report that after conclusion of evidence relating to Exhibit No. 1, the Committee proceed and inquire into:

1. Acquisition and leases—land and buildings at Esquimalt, Rocky Point and Gagetown by the Department of National Defence;
2. A general statement with particular reference to Penhold, Namao, Churchill, Cold Lake, Esquimalt, Rocky Point and Gagetown by the President of Defence Construction Limited;
3. Married quarters program by President, Central Mortgage and Housing Corporation;

and that the Committee then inquire into expenditures for the production and acquisition of aircraft.

Topics also suggested were:

1. Armaments, Tanks, Ammunition, Guns and small arms
2. Naval Vessels
3. Operation Pinetree
4. Training Costs—All Services
5. Recruiting Costs
6. Soft Goods
7. Military Travelling Costs

Your Committee heard evidence which appears in the Minutes of Proceedings and evidence.

In addition, your Committee received 85 documents which were printed in the minutes of proceedings as appendices. Your Committee also received a detailed analysis of the irregularities listed in Appendix "B" of the Currie Report.

All information requested by your Committee was made available by the Department of National Defence, Defence Production and appropriate Crown companies.

In one case your Committee voted not to call for reports ruled outside its terms of reference by the Chairman and in another case voted not to call for certain reports of the Chief Auditor of the Department of National Defence. Summaries of these Auditor's reports were tabled and the Chief Auditor gave evidence that they constituted a fair summary.

In accordance with the terms of the resolution of the House your Committee proceeded immediately to a consideration of the report made by Mr. G. S. Currie.

Mr. Currie was appointed by the Minister of National Defence to investigate deficiencies and other irregularities in the Canadian Army Works Services. He

Prior to Mr. Currie's appointment, the Minister of National Defence had caused to be instituted a thorough investigation by the R.C.M.P. and Provost Corps, which had been carried out with painstaking thoroughness and which had led to discovery of all the important irregularities and the recovery of by far the greater quantity of missing goods. As a result of this police investigation, ten civilians and five servicemen were prosecuted in the civilian courts, of whom eight civilians and four servicemen were convicted. In addition to the criminal charges, six servicemen were disciplined.

The total losses due to the thefts at Camp Petawawa after recoveries amounted to less than \$36,000.

Part one of Mr. Currie's report dealing with the irregularities at Petawawa was intended to be illustrative and was taken from R.C.M.P. and Provost Corps' reports. Some of the latter, as is often the case in the early stages of an investigation, subsequently proved to be correct.

The most important feature of Mr. Currie's task was to make recommendations from the point of view of security and accounting as to the methods to be adopted to correct the situation that he found to exist. The greater portion of the report is consequently devoted to the recommendations, general and more detailed, as to organization of the Army Works Services and methods of control of accounting and security.

Of the forty-four recommendations listed in the Currie Report, twenty-seven were in the process of being carried out prior to the making of the Report. Four were considered urgent by the Department and will be carried out as additional manpower becomes available. Eight involve additional manpower and money and will have to be the subject of further study. Three which do not involve additional manpower and money will also require further study and two are considered unsuitable by the Department for adoption at the present time.

Detailed consideration was given to Exhibit No. 1 to Mr. Currie's Report entitled: "Classified Summary of Accounting Irregularities found by the Chief Auditor of the Department of National Defence". These accounting irregularities did not involve dishonesty on the part of individuals.

The great majority of the accounting irregularities listed were found to be the result of failure to comply with the proper accounting and administrative procedures in strict accordance with the various regulations and instructions. These omissions had largely resulted from the urgency of Defence requirements following the outbreak of hostilities in Korea, the vastly increased volume of work due to Canadian commitments to NATO and the United Nations and the difficulty of securing adequate and well-trained staff. To some extent the importance of accomplishing the work had been placed ahead of the desirability of reaching administrative perfection.

The Department of National Defence was taking steps as rapidly as the necessary skilled personnel could be obtained to improve administration and accounting in the Army Works Services.

In November 1950 Defence Construction (1951) Limited took over from Canadian Commercial Corporation the administration of all contracts for new military construction. This involved 123 construction contracts having a total value of over \$43.2 millions.

On December 31, 1952, the programme had grown to 894 construction contracts having a total value of \$375.8 millions involving 172 sites with a total of 1,270 new buildings and other works. There were in addition 533 contracts for design, supervision, surveys, soil testing, miscellaneous and related services, to a total of \$13.7 millions.

The policy of publicly advertised competitive tenders was maintained by Defence Construction (1951) Limited. Exceptions were made to this policy only where this was desirable in the interests of security or economy or because of extreme military urgency.

The necessity in some cases of getting the work under way before detailed plans could be prepared and because of changing military commitments that could not always be anticipated had in some cases resulted in additional cost. Shortages of materials, particularly steel, and of labour in the construction industry had complicated the task.

Your Committee gave special consideration to projects at the following locations: Penhold, Namao, Churchill, Cold Lake and Rocky Point.

The construction programme in the face of a number of difficulties has been well conceived and carefully supervised and the public has received good value for its money.

The deliberations of your Committee have proved of constructive assistance to the Departments of National Defence and Defence Production in the administration of a large and complicated defence programme and have served as a constant reminder to those responsible of the degree to which economy must be achieved in the making of public expenditures.

A copy of the minutes of proceedings and evidence adduced is tabled herewith together with Exhibit No. 1 and a list of the appendices to the evidence.

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Brigadier W. J. Lawson, Judge Advocate General, Department of National Defence.

And Messrs. George S. Currie, Chartered Accountant, McDonald, Currie and Company, Montreal; E. B. Armstrong, Assistant Deputy Minister (Finance), Department of National Defence; H. A. Davis, Superintendent, Engineering and Construction Requirements, Department of National Defence; J. A. Kidd, Chief Auditor, Department of National Defence; B. B. Campbell, Real Estate Advisor, Department of National Defence; R. G. Johnson, President and General Manager, Defence Construction (1951) Limited; Alphonse Ledoux, Chief—Lands Branch, Department of Transport.

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